Austria	Sch24	Indonesia	Rp3100	Philippines	[illegible]
Bahrain	Din0.700	Iran	Rls210	Portugal	Es165
Belgium	BFr56	Israel	[illegible]	Qatar	QR9.00
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmark	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.500	Spain	Pta165
Finland	FM8.50	Lebanon	L£400.00	Sweden	SKr12
France	FFr7.50	Lux	LFr55	Switz.	SFr2.80
Germany	DM2.80	Malaysia	Rin4.25	Thailand	Bht80
Greece	Dr180	Morocco	DH8.00	Tunisia	Din0.800
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft107	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr100	Norway	NKr12.00		
India	Rs15	Oman	OR1		

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In the land of the soft sell
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No.31,070 © THE FINANCIAL TIMES LIMITED 1990 | Friday February 9 1990 | D 8523A

World News

Oil spillage threatens coast of California

A 330,000-gallon oil slick was floating off Southern California, the latest of a series of spills in US waters that have prompted calls for tough legislation against oil companies.

The one-mile-square oil-slick threatened beaches and wetlands near Huntington Beach, 20 miles south of Los Angeles. The American Trader was on charter to British Petroleum America.

The spill coincides with a law suit filed by the City of New York this week, following a spill of 567,000 gallons of heating oil from an Exxon pipeline into New York harbour. Pages 9 and 22

Boat people arrive

The annual flood of Vietnamese boat people started to arrive in Hong Kong as tides and weather eased the refugees' journey across the south China sea. Page 22

AIDS and Ceausescu

The Ceausescu regime knew about the spread of the AIDS virus among Romanian children as long ago as last summer but refused to take any action, a leading doctor said. Page 3

Troops warning

During an imminent visit Defence Secretary Dick Cheney will tell South Korea, the Philippines and Japan that shrinking US budgets and a reduced Soviet threat will mean fewer US troops in the Pacific.

Noriega ruling

A federal judge ruled that Manuel Noriega would have to stand trial on drug trafficking charges in Miami, rejecting a defence claim that the court had no jurisdiction over the case. Page 8

Bush on red phone

President George Bush used the red telephone that would launch US missiles and bombers in a nuclear war to tell crews manning the doomsday weapons they had helped spur reforms in the Soviet Union.

Nureyev moves on

Rudolf Nureyev's stormy six-year stint at the Paris Opera Ballet ended when French star Patrick Dupond, 30, was named to succeed him as the troupe's new dance director.

Greek bribery case

The Swiss Federal Court opened up bank documents to help Greek authorities investigate a former Justice Minister, Agamemnon Koutsogiorgas, accused of taking bribes in connection with a bank embezzlement scheme.

US warns of attack

Washington expressed fears that a guerrilla attack against US interests in W Europe could take place on or near Sunday, the 11th anniversary of the Iranian revolution.

Jackson speaks out

American civil rights leader Jesse Jackson said that anti-apartheid churches had to help South Africa's ruling white minority overcome its fear of black people and of political change. Analysis, Page 7

Bonn ponders Berlin

The West German government put off plans to build a new government press information office in Bonn because the capital may be moved to Berlin, a government official said.

Curfew extended

Pakistani authorities extended a curfew to more areas of Karachi as the death toll from violence during a general strike in the port city rose to 45.

Midas spinster jailed

A 78-year-old white-haired spinster who ran a clandestine bank from her front parlour paying 214 per cent annual interest was sentenced to 10 years' jail in Portugal for fraud involving Es17.5bn ($118m).

Business Summary

Thomson-CSF to buy half of Ferranti sonar division

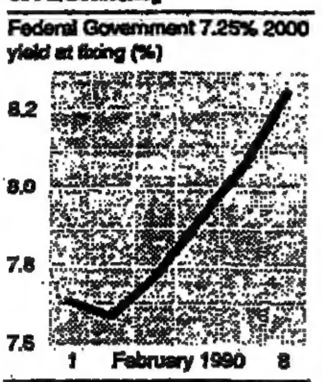
THOMSON-CSF, the French defence group, agreed to buy half of the beleaguered Ferranti International's sonar operations, subject to the UK Government's approval.

The deal comes three weeks after Thomson-CSF, majority controlled by the state-owned Thomson group, pulled out of talks on a possible full bid for Ferranti, but said it was still interested in co-operation in some areas. Page 23

MARKETS: In the cash market, the West German Government's 7¼ per cent January 2000 bond was fixed DM1.15 lower at 93.40. Its yield rose to 8.24 per cent from 8.06 per cent on Wednesday. Page 28

W.Germany

Federal Government 7.25% 2000 yield at fixing (%)



Triumph for Soviet President, Mikhail Gorbachev, and a good start on Wall Street combined to give continental bourses a reason to recover some of their lost ground. Back page, Section II.

SWEDEN'S biggest leverage buy-out offer hung in the balance after the principal shareholders in Esselte, office supplies and media group, made a SKr9.9bn ($1.62bn) bid for the company. Page 23

THE PHILIPPINES can retire up to $3bn of its $26.9bn foreign debt over the next two years, according to Jose Fernandez, the country's central bank governor. Page 6

BANK OF ENGLAND urged John Major, UK Chancellor, to prevent any relaxation in monetary conditions in his first Budget on March 20. Page 10

CURRENCY UNION offered to East Germany by Bonn will inevitably lead to higher West German interest rates but need not disrupt the monetary policy of the Bundesbank, central bank economists said. Page 2

ERICSSON, the Swedish telecommunications equipment group, announced a doubling in 1989 profits before appropriations and taxes to SKr3.7bn ($611m) from SKr1.84bn. Page 23

LLOYD'S of London, the insurance market, is expecting to pay for one third of the insured storm damage, estimated to total up to £2bn, in the the UK and continental Europe over the last month. Page 10

CASTLE CEMENT, Scandinavian-owned group, announced plans to spend more than £100m ($169m) to increase capacity at its Padeswood plant at Clwyd, in Wales. Page 10

AUSTRALIA'S three leading television networks are being stymied to secure much-needed equity injections. Page 6

GUIDELINES from Bank of England on Third World debt could mean UK commercial banks having to set aside provisions on their loans to Australia, according to a report from the IBCA Banking Analysis. Page 26

EUROPEAN Investment Bank (EIB) said its newly acquired function as a lender to eastern Europe might cease once the new European Bank for Reconstruction and Development had been set up. Page 26

Genscher delivers appeal for German unity

By David Marsh and Edward Mortimer in Bonn


Hans-Dietrich Genscher: passionate appeal

MR Hans-Dietrich Genscher, the West German Foreign Minister, emphasising his concern about East Germany's worsening social and economic plight, has delivered a passionate appeal for German unity as a means of maintaining European stability.

Speaking before his departure, together with Chancellor Helmut Kohl, for talks in Moscow tomorrow, Mr Genscher termed as a "political signal" Bonn's offer on Wednesday of immediate negotiations with East Berlin on monetary union between the two Germanys.

In an interview with the Financial Times, Mr Genscher said of the process of German unification: "It will accelerate – it is already in progress." He gave a clear hint that he expected Berlin eventually to be the German capital again.

Mr Genscher, born near Halle in what is now East Germany, indicated interest in becoming foreign minister of a united Germany. He had not rejected the idea earlier this month when it was suggested by the newly formed East German Free Democratic Party. "But that will be decided, of course, in another way."

He gave his clearest assurance to date that a reunified Germany would maintain its links to the west and Nato. He stressed the requirement for the presence of US troops in western Europe to underpin security, and said he saw continuing roles for both Nato and the Warsaw Pact.

But, referring to a theme bound to be high on the agenda in Moscow, he emphasised: "A stable Europe, and a European peace order, can only come about if the Soviet Union's own security interests are maintained."

Mr Genscher said he was "buoyed up" by his success in promoting east-west co-operation.

But he delivered this warning to Bonn's allies: "Whoever is interested in stability in Europe must also be, in view of the present conditions, in favour of the unity of Germany."

In a message aimed above all at Mrs Margaret Thatcher, Britain's Prime Minister, who has angered Bonn by urging efforts to brake German reunification, he said: "Whoever in the west is concerned about developments in Germany should contribute to binding the Germans to the west by pushing forward the EC integration process."

Continued on Page 22

East and West step up drive to achieve big arms reductions

By David Buchan in Brussels, Lionel Barber and Mark Nicholson in Moscow

NATO yesterday proposed significant further cuts in conventional forces in Europe, while in Moscow progress appeared to be made towards reducing the US and Soviet nuclear arsenals.

The concessions proposed by Nato, which include the troop cuts offered by US President George Bush last week, are designed to accommodate Soviet concerns on combat aircraft and helicopters. These concerns have been voiced at negotiations being held in Vienna on Conventional Forces in Europe (CFE).

In Moscow, Mr James Baker, US Secretary of State, and Mr Eduard Shevardnadze, Soviet Foreign Minister, opened wide-ranging talks on arms control amid signs of progress on removing several big obstacles to a Start (Strategic Arms Reduction Talks) treaty halving each side's strategic nuclear weapons arsenals.

At the Moscow talks, the two sides exchanged new proposals on chemical, conventional and strategic weapons. Soviet officials welcomed "very concrete proposals" made by Mr Baker, saying real opportunities existed for reaching agreement.

A senior US official said the Soviets had formally dropped their insistence on linking a Start treaty to curbs on the US Strategic Defence Initiative.

This concession was implicitly made during US-Soviet talks last September, but Moscow is still reserving the right to withdraw from a Start treaty if it judges that the US is not complying with the 1972 anti-ballistic missiles treaty.

A Soviet official said US proposals on counting air-launched cruise missiles "could promote a solution" to one of the outstanding obstacles to a strategic weapons treaty, which both sides say they want to prepare in time for a June superpower summit.

Nato's CFE proposals have been timed to elicit a Warsaw Pact response at next week's meeting between foreign ministers of the two alliances in Ottawa.

The main aim of the Ottawa meeting is to discuss the West's "open skies" proposal to allow non-combat, unarmed military aircraft of both alliances to fly over each other's territory. A second meeting on this is to be held in April in Budapest in order to try to conclude an agreement, the Nato official said.

The new Nato proposals are designed "to bring arms control in line with political events," the senior official said. They call for each alliance to reduce its combat aircraft to 4,700 – down from the 5,700 ceiling Nato proposed last year – but would allow each side in addition to keep as many as 500 interceptor fighters and as many aircraft with a primary role of training as it liked.

Nato acknowledged that its earlier proposal would have borne particularly hard on the Soviet Union's primarily-defensive interceptor aircraft and unfairly limited its jet trainers which, unlike most of their western counterparts, closely resemble standard combat aircraft.

In the same spirit of apparent accommodation, Nato is also proposing a tighter definition of attack helicopters to be constrained in a CFE treaty, so that the Soviet Union could keep more of its dual-purpose helicopters for military support roles.

Meanwhile, Mr Manfred Wörner, Nato Secretary-General, suggested that special arrangements should be made to take account of Soviet security interests with a united Germany as a Nato member.

East German territory should either have a special military status or should be kept out of Nato's integrated structure.

"The Soviet Union will have to accept – and is probably already on the way to doing so – that its security will be enhanced rather than impaired by the loss of its central and east European buffer zone," he said in a speech in Hamburg.

On Wednesday night, Mr Baker held lengthy talks with Mr Shevardnadze about the Soviet Union's internal problems.

Muscovites cautious, Page 2

S Africa reports big influx of foreign exchange

By Patti Waldmeir and Michael Holman in Cape Town

SOUTH AFRICA'S foreign exchange reserves have risen significantly over the past six weeks, the result of improved international perceptions following recent political reforms, according to Mr Chris Stals, the central bank governor.

Mr Stals said reserves had increased by R2.5bn ($1bn) over that period and by R1bn since last Friday, when President F. W. de Klerk announced the most radical reforms in more than 40 years of National Party rule.

He expected that the release of Mr Nelson Mandela, jailed leader of the African National Congress, might trigger a further increase in foreign reserves from their present level of around R7bn, equivalent to nearly two months' imports. Mr Mandela's release is awaited within days.

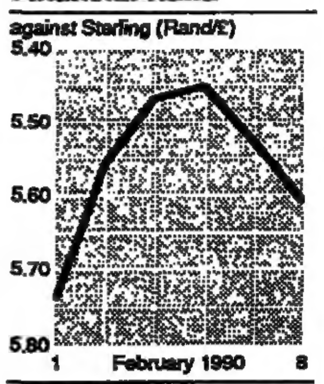
Mr Stals stressed that he did not expect capital flows to continue at this rate for long, and he ruled out any change in the country's debt management strategy as a result. Last October, South Africa agreed the latest in a series of debt reschedulings with its commercial bank creditors, following the banks' decision to suspend new lending to the country in 1985 as a result of political unrest.

Improved international perceptions of South Africa would, however, make it easier to roll over some of the R7bn in debts falling due this year outside the rescheduling agreement, he said.

Mr Stals emphasised that the country had so far attracted mainly short-term, speculative funds rather than the medium- to long-term capital that he said South Africa needed.

Financial Rand

against Sterling (Rand/£)



"We have seen some hot money flowing into South Africa since President de Klerk's address," he said, noting that these were mainly "opportunistic investments with the expectation that there could be some appreciation in the exchange rate."

The commercial rand, which is used for commercial transactions, has risen by 0.6 per cent against sterling since before Mr de Klerk's speech.

The commercial rand closed at R4.3018 against sterling last Thursday, the day before Mr de Klerk's speech, and R4.2770 yesterday. Over the same period, the financial rand, which is used for foreign equity investment in South Africa, rose by 2.3 per cent – finishing at R5.7343 last Thursday and R5.6040 yester-

Continued on Page 22
Europeans cautious, Page 7

Swedes face freeze on prices and pay until end of 1991

By Robert Taylor in Stockholm

SWEDEN yesterday announced a sweeping austerity package including price, wage, dividend and rent freezes to last until the end of 1991. A ban on all strikes was also proposed.

Mr Ingvar Carlsson, Sweden's Prime Minister, said the Social Democratic Government had been compelled to introduce the package because of a bout of labour unrest and because of the failure of the trade unions and employers to agree a national price and wages accord for next year.

The wage freeze, the first in Sweden since the 1950s, will cover the whole labour market. The Government will decide whether wage rises due this year under existing pay agreements should be paid.

It was unclear last night whether the minority Government would win the majority necessary to push through one of the toughest packages ever introduced in Sweden.

The Social Democrats have only 156 seats in the 349-seat Parliament and need the support of one or more opposition parties to impose the measures. Mr Carlsson said yesterday that he would call an election if the Government failed to win backing for its plans.

Mr Kjell-Olof Feldt, Sweden's Finance Minister, told parliament that the proposals would make all strikes illegal until the end of next year and lead to fines of up to SKr5,000 ($833) a month on workers who ignored the ban. Mr Feldt said he would present the required anti-strike legislation next week.

The price freeze is planned to come into immediate effect but the Finance Minister said there would be some exceptions, including import prices. Shareholders will not be allowed to receive any dividends for two years.

Mr Feldt also announced that employers, not the state, would be responsible from next year for paying sickness benefits to workers for the first two weeks of their absence.

The move is seen as an attempt to cut Sweden's huge absentee problem and was welcomed by employers who, however, criticised the decision to compensate them by only a 1 per cent cut in the 10 per cent payroll tax used by the Government for sickness benefit payments.

Harsh medicine, Page 3; Editorial comment, Page 20

Britain's oil groups exonerated by price-fixing investigation

By Ralph Atkins in London

A YEAR-LONG investigation by the UK's Monopolies and Mergers Commission is understood to have cleared the large oil companies of price-fixing and anti-competitive behaviour at Britain's petrol stations.

The results of the inquiry are due to be published by the Department of Trade and Industry within the next week. The MMC is understood to make no recommendations for restructuring the industry - in contrast to its report last year on the brewing industry. Mr Nicholas Ridley, Trade and Industry Secretary, is likely to accept its conclusions.

The investigation, which started in November 1988, followed in the wake of a critical report by the House of Commons' Trade and Industry committee. The MMC's inquiry results fell on ministers' desks on December 20.

The Petrol Retailers Association, which represents licensees, tenants and many independent dealers, has argued that price movements indicate "tacit collusion" by large oil companies. It argues that the big companies offer selective price support to their retailers to fight off undercutting by competitors.

The big oil companies have also been criticised for allowing petrol pump prices to increase quickly when world markets rise, but to delay cutting prices when spot rates fall.

However, the detailed MMC study is thought to back oil industry views that competition at petrol pumps is fierce.

It notes that prices from different companies appear to rise in collusion - but this is because most set rates according to Rotterdam spot gasoline prices.

Last night Mr Ken Warren, Conservative chairman of the Commons' committee, said that at the time of his committee's report there was "public concern about the apparently strange fluctuations in retail prices". There were signs of "a unitary of interest across the oil majors."

The MMC report is thought to dismiss arguments that lower prices charged by out-of-town retailers are evidence of price collusion at other sites. It is expected to point out instead that larger supermarkets are able to use their power as bulk buyers to control prices.

The MMC's findings follow vigorous campaigning by the large oil companies amid fears within the industry that large-scale disposals could be ordered. But the report is likely to cause controversy in the British parliament when published.

Mr Tony Ryde, retail manager for BP Oil UK, said: "The argument that we are ripping off the customer is an argument we absolutely refute." He said that compared with other goods and services, petrol prices had risen at a slow rate in the past 10 years and represented "an extremely good buy for customers."

Price movements were distorted by the large amount taken by the Government in tax and duty. At most, the large oil companies made 2p or 3p profit on each gallon of petrol sold, Mr Ryde said.

Southern California oil spill, Page 22

CONTENTS

Indonesian co-operatives receive a shot in the arm

President Suharto (left) called on private enterprises last month o sell 25 per cent of their shares to the co-operatives, a Utopian vision which took many foreign businessmen by surprise Page 8

MARKETS

STERLING
New York lunchtime:
$1.69135
London:
$1.687 (1.6995)
DM2.8225 (2.8125)
FFr9.59 (9.5725)
SFr2.52 (2.515)
Y245.25 (247.25)
£ index 89.1 (89.2)

GOLD
New York: Comex Apr
$423.2 (423.1)
London:
$417 (422.75)

N SEA OIL (Argus)
Brent 15-day Mar
$19.725 (19.7)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime:
DM1.66615
FFr5.663
SFr1.5
Y145.535
London:
DM1.6725 (1.6545)
FFr5.685 (5.6325)
SFr1.4945 (1.4805)
Y145.35 (145.45)
$ index 67 (66.7)
Tokyo close: 145.5

US Lunchtime Rates
Fed Funds $8\frac{3}{16}$%
3-mo Treasury Bills:
yield: 8.06%
Long Bond:
$95\frac{13}{32}$
yield: 8.5%

STOCK INDICES
FT-SE 100:
2,331.0 (+23.6)
FT Ordinary:
1,846.3 (+19.1)
FT-A All Share:
1,164.32 (+0.8%)
FT-A long gilt index high coupon:
Mar $87\frac{1}{16}$ ($86\frac{27}{32}$)
New York lunchtime:
DJ Ind. Av.
2,653.38 (+13.29)
Tokyo: Nikkei
334.25 (+3.44)

LONDON MONEY
3-month interbank
closing $15\frac{3}{32}$% ($15\frac{1}{8}$)

EUROPEAN NEWS

Kremlin reform proposals remain open to debate

By Quentin Peel and John Lloyd in Moscow

IN SPITE of its historic decision to abandon the Soviet Communist Party's constitutional monopoly on power, much that was decided by the central committee meeting this week is still open to doubt or amendment.

The detailed platform for the forthcoming party congress, intended to overhaul the entire party policy and structure, has yet to be published, but could also be changed after debate in grassroots party organisations. In addition, the manner in which the leading role of the party is cancelled will be up to the congress of people's deputies, the country's supreme legislative body, as will definition of the powers of the new executive presidency.

Mr Mikhail Gorbachev won a green light for the proposal to have a far more powerful president, but the details have yet to be fixed. Some central committee members suggested that the new system would resemble that in the US, others denied it. Mr Alexander Yakovlev, officially announcing the results of the plenum, said the new post would actually promote democracy, and the plan is clearly to have direct elections eventually.

However, before a new constitution is drafted in 1991, it seems likely that the election would be indirect - through the congress of deputies.

The new position further removes powers from the ruling party. "It is in line with dividing the functions between the party and the executive body," Mr Albert Vlasov, chairman of Novosti News Agency, said yesterday. "The new president will be able to bring a bill to the Supreme Soviet, to veto laws, and regulate relations between the Supreme Soviet and government bodies." It is not clear what would become of the post of prime minister.

The new president would apparently have some sort of inner cabinet, and the present council of ministers would perhaps continue in a subordinate role.

The Central Committee has apparently reconciled itself to handing over key decisions, which it would previously have assumed were in its domain, to the Supreme Soviet and the Congress of People's Deputies. It has voted to annul Article Six of the constitution, which guarantees the Party's leading role: but, said Mr Ivan Laptev, the editor of Izvestia and a member of the Central Committee: "The Supreme Soviet must now adopt a law on independent organisations: it is their task now."

The plenum was suspended temporarily while a compromise was thrashed out between the rival communist factions in Lithuania and the Soviet politburo. The result - relatively mild condemnation of the independent Lithuanian Communist Party, financial support for the republic's loyal party rump and an invitation for both to attend the party congress - was apparently acceptable to both sides. The independent party will keep existing party assets, and yet be recognised as having broken away - essential for it to retain nationalist credibility in the forthcoming elections.

The Central Committee was looking over its shoulder to the ordinary members of the Party who had sent the Party secretaries to voice their views, not to have the leaders' decisions transmitted back.

Says Dr William Smirnov, the director of the political section at the Institute for State and Law: "This was perhaps the most significant element in the whole meeting. For the first time the members were reflecting the opinion from the base. They were acting as normal politicians: that has never happened before."

Unity of the Party has been precariously preserved - but at the cost of bitter exchanges and the defection - the lone dissenter at the end - of Mr Boris Yeltsin, commanding the highest of profiles as his campaign to take the presidency of the Russian federation begins to roll. According to Mr Laptev, an old friend, Mr Yeltsin objected to the party platform on the grounds that it did not clearly junk democratic centralism, and that inner party democracy was still encrusted with "old thinking."

The exchanges were, however, shockingly bitter - especially one between Mr Yigor Ligachev, the leading Politbureau conservative and Mr Eduard Shevardnadze, a fellow Politbureau member and the Foreign Secretary. The first said that a full Politbureau meeting was held to approve the use of troops in Georgia last April which resulted in the deaths of 19 Georgians.

Mr Ligachev said it was a full Politbureau decision with Mr Gorbachev and Mr Shevardnadze both attending: Mr Shevardnadze said there was no Politbureau meeting, just some members at the airport on Mr Gorbachev's return from a truncated trip to Britain - the result of which was a decision to use "political methods."

The row was patched up but the Central Committee was treated to two Politbureau members in open disagreement. In spite of Mr Yeltsin's reservations, the decisions taken on inner party democracy are aimed at replacing the transmission of decisions with more autonomous local party branches seizing the initiative and reviving party life.

The multi party system was accepted in large part because the delegates could see that it was already a *fait accompli*, at least in the Baltic states, where parties are already registered to stand in the republican elections later this month.

The Supreme Soviet will now take over, drafting a law on parties - now under discussion - which Mr Laptev of Izvestia expects to be adopted this year. "With the hundreds of informal groups we now have, I would expect a famous Russian queue of parties waiting to be registered," he said.

The immediate possibilities for non-socialist parties to beformed must be limited, because the Soviet constitution requires the commitment to a socialist state. Nonetheless, there was some confidence yesterday among non-communists that several parties would rapidly be formed, as soon as legislation has been passed.

They would include a social democratic party, probably including a breakaway group of social democrats from the ruling party, a group of liberals respecting the constitution, possibly formed around the memorial movement dedicated to rehabilitation of the victims of Stalinism, a party of Christian democrats, and another of the Greens, members of the democratic groups said yesterday.

The democratic union, the coalition group dedicated to the creation of a multi-party system, and still harassed for its views, may well break up into different factions. The immediate issue will be whether they should or should not register under the promised system.

Muscovites cautious as they imagine life without the party

By Mark Nicholson in Moscow

THE Soviet Communist Party may have reached a momentous decision to cede its monopoly on power, but few Muscovites can yet envisage much of an alternative, let alone have faith in it.

Judging from an informal poll of shoppers in GUM, Moscow's biggest store, by no means everyone is aware of the decision by the central committee's plenum.

News, even in these glasnost days, emerges slowly in the Soviet press and requires study when it does.

Those who had followed events, though, agreed in welcoming the week's events as positive and a source for hope.

"I'm optimistic after yesterday," said Mr Alexei Kysilov, a 17-year-old student. "It will change our daily lives. It will help the economy. Now we can develop links with other countries, especially the capitalist countries, they can help us a lot."

Most people also welcomed the prospect of a multi-party system. But for a good many - party members and non-members alike - this appeared to mean a system where the party continued to lead and other parties, in a supporting role, got on with their democracy.

"There can be other parties than the Communist Party, but it is not the end of the Communist Party," said Mr Alex Reyvotov, 40, a party activist from the mining region of Donbass. "But the main thing is the party's leading role will continue."

A middle-aged woman added: "We must have one strong party. With one party we follow one line, with many parties we follow many and get nowhere."

Some people equated multi-party democracy with chaos, and even eventual bloodshed. Others thought a limited democracy was best. "We don't need many parties, we just need two; like in England, a party and an opposition," said a man in his 50s, who preferred not to give his name. "Mr Gorbachev needs a Mr Kinnock."

Where there was disappointment, it lay among the more radical who were sorry there were no personnel changes, as they put it - code for the removal of the conservative Politburo member, Mr Yegor Ligachev.

Some radicals thought the plenum had only limited significance anyway. "We shouldn't pay too much attention to the plenum," said Mr Yuri Komachov, an engineer in his 40s. "The party is changing without it. Power is already moving to the councils in real terms, and there we already have a multi-party democracy."

He shrugged off pessimistic talk of chaos. "It is not like 1917 when we were the only communist country and had to learn by our own mistakes. Now, in Eastern Europe, we have many examples to follow."

Almost everyone was cautiously sure, though, that something had changed, and for the better. "We are moving to a point where the situation will come to a head," said Mr Vladimir Kondriatev, an office worker in his 30s. "After that point, perhaps a dangerous point, things will turn for the better."

Boost for cable TV industry in France

By William Dawkins in Paris

FRANCE has launched a campaign to give a fresh boost to its fledgling cable television industry and multiply the number of subscribers by more than five within two years.

The package, prepared by Mr Paul Quilès, the Post and Telecommunications Minister, aims to lift the number of subscribers from 250,000 to 1.3m and increase the channels available on cable to 30 from about 20 by 1992.

Non-cable subscribers can currently receive conventional broadcasts from four private and two public networks, of distinctly variable quality.

In the meantime, France Telecom, owner and installer of the country's cable networks, plans to spend FFr12bn (£1.25bn) over four years on further fibre optic links.

The decision is partly a response to the disappointing results of France's first cable TV plan, launched in 1982, which earmarked FFr25bn for investment in laying networks to 1995. It failed by a wide margin to achieve its target of attracting 900,000 subscribers by 1988, a poor comparison with the 6m homes now receiving cable broadcasts in neighbouring West Germany.

Under the original plan, France Telecom has spent FFr6bn since 1983 on connecting 2.3m homes to cable, only a fraction of which have actually subscribed to the services offered by the country's three main cable operators.

France Telecom officials ascribe this to a lack of clarity between itself and the three commercial operators over who is responsible for marketing cable broadcasts.

The Government has also been cautious over introducing new competition for France's four conventionally broadcast private channels, the first of which only came on air in 1985.

The latest plan allows France Telecom to take stakes in cable TV operators, so giving it a clear commercial interest in encouraging new cable subscriptions rather than just laying fibre optic links.

Under the plan, France would adapt its cable networks to the D2-Mac European standard for high quality sound and pictures, used by the Télédiffusion de France satellite, launched last year.

Apartment blocks would be equipped with both conventional TV antenna and cable links so that tenants could receive a mixture of cable and conventional channels from the same wall socket. Low-cost housing blocks would receive state subsidies for cable installation.

● Pilots and flight technicians on France's three main airlines are threatening to strike for 48 hours from midnight on Saturday, a union spokesman said on yesterday.

Currency union 'would not disrupt Bundesbank monetary policy'

By Andrew Fisher in Frankfurt

THE currency union offered to East Germany by the Bonn Government will inevitably lead to higher West German interest rates but need not disrupt the monetary policy of the Bundesbank, the central bank, economists said yesterday.

Mr Hans Modrow, the East German Prime Minister, said he had not been informed of Bonn's offer, complaining that it was not usual for such matters to be discussed publicly before negotiations. He travels to Bonn next week to meet West German Chancellor Helmut Kohl.

Economists said the higher interest rates would reflect the demand for funds to rebuild the tottering East German infrastructure once agreement had been reached on financial and economic reforms.

Mr Theo Waigel, the Finance Minister, has made clear he thinks this can be financed without raising taxes after the latest round of cuts. "The tax rate should not rise," he said.

The bond market weakened further yesterday on concern about the volume of financing needed. Mr John Lipsky, director of international research at Salomon Brothers in London, said the main issue was less the mechanics of a currency union than the time needed before vital infrastructure investment could be followed by more profitable investment by private industry.

Despite the lack of reliable East German monetary data, he saw little danger that the Bundesbank's money supply aims could be upset if it extended its activities to East Germany.

"The actual amounts [of money circulating in East Germany] are relatively trivial." The Bundesbank put the figure at around 15bn East Marks, not enough to swamp its monetary policy.

Even so, the West German offer to make the D-Mark the currency of both Germanys has put the Bundesbank in a situation which Mr Karl Otto Pöhl, its president, would clearly have far rather avoided.

Today, he attends the regular government press conference in Bonn, the first time a Bundesbank director has done so. An agile pragmatist, he has lined up loyally behind the Bonn Government in its decision to offer the East German administration immediate talks on currency union.

Foreign companies were "waiting in the starting blocks" to invest in East Germany, he said, but the right economic conditions had yet to be created.

Speaking on television, he said: "We face a historic decision, namely taking the first step towards a union of both German states in the very important areas of the currency and the economy."

But the offer could not be unconditional. East Germany would also have to make significant changes.

● George Graham adds: Mr Pierre Bérégovoy, the French Finance Minister, said yesterday it was important to press ahead with preparations for the second and third stages of monetary union.

One of the most positive moves in the current circumstances would be for sterling to join the exchange rate mechanism of the EMS. "It would be a good way of showing our will to consolidate the 12-member Europe, at a moment when we have to handle the upheavals in eastern Europe with imagination and sang-froid," Mr Bérégovoy said. He added that EC member governments must respect their undertakings, and that it was already time to prepare for the intergovernmental conference on monetary union, scheduled to take place in Italy by the end of this year.

● David Goodhart in Leipzig writes: Mr Manfred Schuster, who took over as chief of Leipzig's main construction company last month, said he would welcome the introduction of the D-Mark into East Germany. "But the shock therapy of suddenly opening our economy will be a bitter experience for many," he added.

He expected unemployment to rise quickly to at least 15 per cent as the uncompetitiveness of many East German companies forced them to close.

He believes his own construction firm, which employs 4,800, would be relatively sheltered from West German and international competition and would benefit from a construction boom accompanying reunification.

Companies that would be more exposed to competition, such as East Germany's only shoe manufacturer, are less sanguine about the prospects of a D-Mark takeover. Mr Wolfgang Leitloff, the number two in the shoe company, says his share of the East German market could quickly slip from 100 per cent to 50 per cent.

He adds that there would be compensating benefits, such as easier access to state-of-the-art production technology. But many economists believe there would be not much left of today's East German industry - currently a command economy without commanders - to take advantage of such benefits.

Bild aims for those parts other papers fail to reach

David Marsh discovers what moves West Germany's brashest newspaper

GERMAN UNITY fever is giving Bild, West Germany's brashest and best-selling newspaper, a new lease of life. The front page of the flagship of the Springer publishing group has been adorned with patriotic black-red-and-gold practically every day since the breaching of the Berlin Wall three months ago.

Mr Hans Hermann Tiedje, one of the paper's two joint editors, is a lanky 40-year-old with tie awry and impatient swathes of black hair falling over his glasses. He took over last June in a change of leadership designed to boost fading sales. He declares that Bild is standing up for the most important guiding principles of Mr Axel Springer, the group's founder - "freedom and unity".

Mr Tiedje, who has a curious penchant for anatomical language, sprawls back on his Biro pen-smudged Italian leather sofa in Bild's editorial suite and expounds: "We feel we are reaching our readers' hearts and bellies and navels."

The new style appears to be paying off. Circulation has recovered to around 4.2 to 4.3m, up roughly 100,000 from a year ago - although it is still well below levels of around 5m a few years ago.

Mr Tiedje, who previously edited the illustrated magazine Bunte, runs the editorial operations with Mr Peter Bartels, a long-time Bild hand. Before German events leapt into the headlines, the paper last summer made an effort to give international events large-print attention by running extra coverage on China and Iran.

Since a tide of East German fugitives started to flee to the west six months ago, however, Germany has been the dominant theme. Last autumn Bild gathered DM700,000 (£250,000) from readers to help accommodate and feed would-be emigres camped out in front of the West German embassy in Budapest. During the last six months, the Springer group has received around 100,000 letters - mostly from Bild readers - about the East German upheaval.

Bild has led campaigns to find jobs for East German settlers and told its readers not to buy up cheap goods in East German shops. Lately, it has run a crusade to extend the D-Mark to the East.

"We are here to make things happen," insists Mr Tiedje. "People are now making the politics; it's no longer politics influencing people." He has great belief in Bild's power. "If Bild says that Mister Marsh is the Number 1 subject of the day - then you are the Number 1 subject."

He lambasts the Bundesbank for its caution over a united Mark, and suggests that the Bundesbank's billions of D-Marks of profits from "currency speculation" could be spread out among 16m East Germans.

Referring to the scepticism over currency union of Mr Karl Otto Pöhl, the Bundesbank president, Mr Tiedje says, with mysterious logic: "Pöhl may be right, but he will not be proven right." He also suggests that "Siemens [the West German electronics group] should spend DM1bn a year less in Australia and New Zealand" and put the money into East Germany.

Mr Tiedje explains that Bild's demand for a higher taxes on West Germans to aid East German reconstruction can be unpopular with some "people (in the west) sitting on their fat behinds ... We have pockets full of money - the poor fellows over there have nothing." He adds: "This has nothing to do with nationalism - it's just that the people over there have been taken for a ride for 40 years."

Communists dominate in Bulgaria

MR Andrei Lukanov, the Bulgarian Prime Minister, named a communist-dominated government yesterday and gave a top post to a reformer once ousted by Mr Todor Zhivkov, the disgraced former leader, Reuter reports from Sofia.

Opposition leaders welcomed Mr Lukanov's appointment as premier but ruled out participation in an interim government proposed by him to run the country until free elections. Mr Choudomir Alexandrov, sacked by Mr Zhivkov from the Communist Party's ruling bodies in 1988, became a deputy prime minister in a cabinet composed entirely of communists, the official BTA news agency said. Ministers of the interior, foreign affairs, defence and finance were unchanged.

The old government resigned last week after failing to arrange a sharing of power with other parties until free parliamentary elections due by May.

Both the Agrarian Party and members of the opposition Union of the Democratic Forces refused to join a coalition with the communists. Agrarian Party members had held several ministerial posts in an enforced partnership with the communists during Mr Zhivkov's 35 years in power.

Mr Zhivkov was forced from office last November and the Communist Party formally gave up its guaranteed right to rule last month.

Shoe group dips toe into hotel business

By Peter Marsh

EAST GERMANY'S state-owned shoe company is the unlikely sponsor of a plan to bring mass tourism to the country by building hotels and other leisure facilities on land next to footwear factories.

This exercise in cobbling together new business opportunities for East Germany is the brainchild of Mr Joachim Lezoch, director general of Kombinat Schuhe, one of the nation's biggest industrial groups.

Schuhe, which employs 46,000 people and makes 90m pairs of shoes a year, has identified several hundred sites which it owns around East Germany, some of them in scenic areas, which could be suitable for hotel development.

Mr Lezoch, together with other state industry chiefs, plans to interest western hotel operators in joint ventures.

Among the UK hotel groups which have already talked to the East Germans are Trust House Forte and Hilton International.

Mr Lezoch said in London that he wanted to "develop a second pillar" for his company, as part of the general economic and political reforms taking place in east Europe.

The land on which hotels could be built was surplus to requirements, Mr Lezoch said.

In some cases, existing shoe factories could be demolished to make way for new building.

It is thought that large numbers of Schuhe's plants might not be needed if East Germany opens up its market to imports, which at present are small.

Schuhe is being joined in its plans by Kombinat Baufe, one of East Germany's big state-owned construction groups. Mr Manfred Thomas, the director general, said he was especially interested in joint ventures with western groups in facilities such as leisure centres.

Mr Thomas said that such projects could attract more tourists, especially to pleasant rural areas such as the Thüringer Wald in the south of the country. Several towns on the Baltic coast had been earmarked as possible sites for yachting marinas.

Baufe is already discussing with west European companies the rebuilding of several Leipzig hotels which are felt to be too dour for western tastes. "Our hotels should have more of a family atmosphere," said Mr Thomas.

"We want to make people feel at home in East Germany."

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EUROPEAN NEWS

Harsh medicine prescribed for Sweden's ailing economy

By Robert Taylor in Stockholm

SWEDEN'S MAIN overseas admirers may be shocked by the pay, price, rent and dividend freeze announced yesterday, and particularly the decision to outlaw strikes until the end of 1991.

But the drastic nature of the measures underlines the gravity of Sweden's looming economic crisis and the increasing worry among many Swedes that their long-admired political system based on consensus and compromise is no longer capable of managing a vulnerable, open market economy with full employment.

The ruling Social Democrats have won the backing of the powerful LO trade union organisation, and the reluctant acquiescence of the main employer bodies for their crisis package. But it must secure the approval of parliament next week to come into force and the party's parliamentary position is perilous. It lacks an overall majority, with 156 seats *in the 349-strong parliament* and relies on one or other opposition party to govern.

This is not a new condition of democratic life in Sweden. The Social Democrats have not had an overall majority for most of their 50 years in power. This has meant pursuing policies aimed at gaining the widest degree of approval beyond their own ranks.

However, the Government has found it difficult to achieve bipartisanship in carrying through unpopular but necessary economic measures to deal with the country's ills.

Last spring Mr Kjell-Olof Feldt, the Finance Minister, could not win parliamentary approval for tax increases to cool down the overheated economy.

As a result wage inflation, the balance of payments deficit and the country's international competitiveness deteriorated further without an adequate political response. It has also meant that when the moment came for action it has had to be more painful.

Mr Ingvar Carlsson, the Prime Minister, says that if he cannot win a majority vote for the crisis package in parliament next week his government will resign and there will be a general election in April.

This is a high risk strategy since all the opposition parties may well vote together against the Government.

But Mr Carlsson and his colleagues will not fall without a fight. They will point out that Sweden's comprehensive tax *reforms will not be implemented* if they leave office and they will argue that the three main opposition parties lack credibility because they agree on very little.

The Government argues that there is no alternative to the freeze proposals and that if they do not come into force at once the economy will drift out of control until the summer with disastrous consequences.

Sweden's crisis puts into real doubt whether its famed collective bargaining system based on national wage negotiations has any future.

The employers argue that the trade unions are much too powerful, particularly in the public sector, and they want to see legislation to introduce cooling-off periods before strikes, *compulsory mediation* and a ban on disputes in essential services.

The unions dislike any of those ideas but they are having difficulty imposing their authority over their members in wage deals.

The Government sees the freeze as an opportunity for employers and unions to produce a new Swedish model for the 1990s but this looks like an impossible task. Critics see it as the arrival of a command economy in Sweden like those now discredited in eastern Europe.

Certainly questions of constitutional law will be involved in the Draconian proposal to outlaw strikes against the freeze. But government supporters insist the freeze is a last *chance to save, not destroy the* market economy.

However, Mr Feldt is intelligent enough to recognise that the freeze is a grave setback to all he stands for in politics – the creation of an open social market economy based on efficiency and rational behaviour.

He made clear yesterday that he wants to press on with his long-term ambitious programme to turn Sweden into a more competitive, Europeanised society. Next week, he will discover whether enough of his colleagues in parliament agree with him.

Premier Ingvar Carlsson: threat to quit is high-risk strategy

Turkish mine blast claims many lives

By Jim Bodgener
in Ankara

MORE THAN 60 miners were feared dead deep underground yesterday in a lignite mine near Amasya in northeastern Turkey, after a gas explosion and rapidly spreading fire blocked rescue attempts.

There was almost no hope for them because of carbon monoxide emissions, said the government spokesman, Mr Mehmet Yazar, at noon yesterday.

Two injured, one seriously, and eight dead were brought out of the pit. Rescue workers had encountered lethal concentrations of gas, said Mr Yazar. Yesterday morning, the authorities began sealing the shaft entrance to cut off air feeding the fire 1,000 feet below ground.

The mine is operated by the private-sector Yeniccitek Coal Company, which is jointly owned by the municipalities of Merzifon and Amasya and state-owned Turkish Sugar Factories, and employs almost 900 miners.

Mr Ekrem Sami, the secretary-general of the mineworkers union Maden-Is, said the workers sensed the emission of explosive gases 30 minutes before they ignited, but could not escape in time. The mine is understood to be the deepest in Turkey, tapping seams of lignite (brown coal) to produce 500 tonnes daily. The explosion occurred very *deep in the pit, according to* accounts yesterday.

The area, which also includes around 15 deep hard-coal mines in the Zonguldak district, is geologically difficult for mining. Its steeply-inclined seams call for rudimentary, manual methods, with very little mechanisation.

It is also extremely prone to emissions of inflammable gases, according to foreign experts.

Safety precautions were adequate for the conditions, they added. However, union leaders yesterday criticised the safety record of privately-owned mines.

The mine itself has a record of disasters since it opened in 1955. Some 90 miners have been killed at the pit.

Thumbs down for Norway's new Premier

NORWAY'S new Conservative Prime Minister, Mr Jan Syse, is the country's most unpopular leader in the past decade, according to a public opinion poll, writes Karen Fossli in Oslo.

Only 15 per cent of those questioned thought Mr Syse, who came to power last October as head of a three-party centre-right coalition, was doing a good job.

His main problem is Norway's 7.7 per cent unemployment rate. To rub salt in the new Government's wound, 46 per cent of those polled said they would prefer to have the former Labour leaders back, while only 35 per cent supported the efforts of the current Government.

Yugoslav court warns Slovenia

Yugoslavia's Supreme Court yesterday said its feuding republics had no right to secede unilaterally and accused the northern republic of Slovenia of violating the federal constitution by edging towards independence, Reuter reports from Belgrade.

The ruling will be submitted to the federal parliament for possible further action because Slovenia maintains that the court's decision is an unbinding opinion.

Romanian regime suppressed AIDS alarm last summer

By Judy Dempsey in Bucharest

THE CEAUCESCU regime knew about the spread of the AIDS virus among Romanian children as long ago as last summer but refused to take any action, according to a leading doctor.

"When Mr Victor Combanu, the [former health] minister, was told that children were carrying the virus, he said it was not important," recalled Dr Dumitru Schiteanu, who works at the Institute for Public Health and Hygiene.

"He said: 'I cannot disturb the superior leaders with this unimportant matter. Stop this nonsense'."

Last June the institute visited many orphanages throughout the country and found that half the children examined were HIV carriers.

The Haematological Clinic in Bucharest discovered that half the children admitted there were also infected. Again, when the doctors tried to raise the issue with the ministry, they were brushed aside.

"The minister could do nothing for us. All the results would have been positive and if he tried to inform the Ceausescus, he would have been sacked," said Dr Schiteanu.

Doctors persisted, however. Dr Alexandru Calonfirescu, head of the Institute for Public Health, carried out more studies in the winter. "He concluded that the AIDS epidemic was the result of using dirty syringes in the orphanages," Dr Schiteanu said.

The picture he paints of Romanian orphanages is grim. The staff were overworked and underpaid. They had no medicines. They were not allowed hard currency to buy syringes. Inside temperatures were colder than outside; the children had few clothes and no education.

The number of orphans increased sharply over the past six years, following a decree passed in 1984 which outlawed abortion. Those women who did not risk having illegal abortions, but who could not afford to bring up their children in a society lacking even basic items, simply abandoned their infants in the orphanages.

Mr Dan Enachescu, the new Health Minister, told journalists this week that the appalling maternity and gynaecological conditions, compounded by acute shortages and back-street abortions, pushed up the infant mortality rate to 25 per 1,000, one of Europe's highest. The average elsewhere in Europe is six per 1,000.

Romanians, who until recently lived in complete ignorance of the AIDS virus, are shocked. But they also know that the spread of the virus is symptomatic of the overall standards of the Romanian health system.

"From studies in our institute, we know there is an increase of scabies, lice and tuberculosis because we do not have items such as soap, razor blades, hot water, disinfectant, detergents. We had nothing," said Dr Schiteanu.

The pharmaceutical industry was neglected and the Ceausescus were obsessive about reducing imports to a minimum while exporting any saleable commodity in order to repay the national debt.

With this legacy in mind, the Health Ministry today faces the awesome task of repairing the nation's physical and psychological health.

Mr Enachescu said the country was in urgent need of the most basis medical supplies. He has already set up contacts with the World Health Organisation to co-ordinate a long-term programme. It will take time, but at least the ministry is no longer afraid to speak the truth. "The motto '*No bad news for the leaders*' is now discarded," said Dr Schiteanu.

Ten years' jail for Dona Branca, the front parlour banker

By Peter Wise in Lisbon

A 78-YEAR-OLD white-haired spinster who ran a clandestine bank from her front parlour paying 214 per cent annual interest has been sentenced to 10 years' jail for fraud involving more than Es17.5bn (£70m).

Miss Maria Branca dos Santos, once a national heroine hailed as the people's banker, was found guilty with 44 others of serious fraud and writing uncovered cheques, after a two-year trial that mobilised 1,276 plaintiffs, 400 witnesses and 47 defence lawyers.

Dona Branca, as she is popularly known, will take her place in the annals of fraud alongside Artur Alves de Reis, a consummate Portuguese confidence trickster who in 1925 persuaded a London company to print half a million bank notes believing they were for the Bank of Portugal.

According to the 15,000-page indictment, Dona Branca launched the black-market bank in 1974 as a family affair based in her Lisbon flat. She paid 10 per cent a month compound interest on deposits, apparently via a pyramid system that enabled her to use a constant flow of fresh deposit capital to pay these spectacular rates of interest. She also reloaned the deposits at even higher rates.

The business gradually grew into a multi-billion escudo financial empire involving dozens of branches, lawyers and a security team. When a newspaper lifted the veil on the "lady with the Midas touch" in 1983, events began to snowball.

Police were called to control hundreds of would-be customers who queued into the early hours to deposit their savings. In one hectic week Dona Branca was alleged to have taken in Es1.4bn in what she described as friendly loans to avoid legal proceedings.

Her financial wizardry embarrassed a government that was struggling in the depths of an economic crisis, with the state-dominated banking system posting heavy losses. Five separate investigations were launched into her activities but initially authorities found no grounds for intervention.

Fear of police action began to stir a run on the bank and angry crowds demonstrated outside Dona Branca's offices after she suspended payments to "take a holiday". She was eventually arrested in October 1984 after police learned she had booked a flight to Rio de Janeiro.

Her reputation soured amid the lengthy legal proceedings as it became clear that billions of escudos deposited with her would never be recovered. She spent her time in jail making rugs until released into a clinic last year on health grounds.

She was not in court to hear the sentence read on Wednesday night. Her lawyer said he would ask for the jail term to be waived on the grounds that Dona Branca was eligible for parole, having served more than half the sentence detained without bail.

The court sentenced 44 others to jail terms of up to eight years and acquitted 24 others.

Regulations cloud foreign rescue for Australian TV

By Chris Sherwell in Sydney

CONFUSION over complex foreign ownership regulations are stymying attempts by two of Australia's three financially-troubled commercial television networks to secure much-needed equity injections.

The two networks are Channel Nine, controlled by Bond Media, which is part of Mr Alan Bond's debt-ridden business empire, and Channel Seven, which is part of the Qintex group now in the hands of receivers.

Bond executives are believed to have approached both ABC and CBS in the US as possible equity participants in a restructuring of Channel Nine, while NBC, the third US network, has evinced interest in Channel Seven. Other groups thought to be considering the possibilities include the Disney group in the US, TVNZ in New Zealand and some of Britain's ITV companies.

At the same time Mr Kerry Packer, the Australian businessman, has launched a takeover bid for Bond Media which would involve foreigners in a subsequent recapitalisation – including, it is reported, TV-am of the UK.

The confusion which has clouded all this has arisen because of an announcement last month by Mr Ralph Willis, the Transport and Communications Minister. He said the Federal Government would tighten the Broadcasting Act to ensure adherence to its foreign ownership limits.

These prevent a foreigner holding more than 15 per cent of a licensee company, and place a ceiling of 20 per cent on aggregate foreign interests. For a holding company standing above a licensee company, however, the ceiling on aggregate foreign interests is 50 per cent.

The latter arrangement applies to Channel Ten, Australia's third commercial network. Northern Star, its holding company, counts two UK companies among its shareholders: Associated Newspapers, with 15 per cent, and Thames Television, with 10 per cent.

"While this arrangement may be permissible under the act as it now stands," Mr Willis declared, "it is clearly contrary to the act's intent."

Packer: audacious bid

Although this is a point some lawyers dispute, the minister promised to bar any arrangement which resulted in more than 20 per cent foreign interests controlling a licensee company.

Ominously, and with his eye on the Qintex receivers, he also warned potential foreign investors that he was prepared to apply legislation retrospectively on the matter.

The confusion was compounded when local newspapers published reports countering Mr Willis's announcement. These said the Government had reversed its stand and would legislate to lift the 20 per cent limit to 40 per cent.

The apparent switch was a response to strong complaints from a number of quarters – the troubled media groups themselves, banks badly exposed from financing 1987's extravagant network purchases, and long-suffering shareholders.

It was Mr Packer who sold Channel Nine to Mr Bond in the first place. The price tag was A$1.05bn, and the deal followed the Labor Government's late-1986 changes to the rules of media ownership.

His audacious bid now values Bond Media at just A$53m – and he launched it because he was not sure he would receive A$200m he is owed on the deal by March.

Sale of New Zealand telecoms imminent

By Terry Hall in Wellington

A SALE of Telecom Corporation, the most profitable of New Zealand's remaining state-owned assets, appears to be imminent.

Mr Stan Rodger, former State Owned Enterprises Minister, who was replaced by Mr Richard Prebble last week, said last night he expected a decision within three weeks. Mr Prebble is believed to have been appointed to speed the sale process.

Mr Rodger's statement followed a speech by Mr David Caygill, Minister of Finance, that the sale would take place soon. Dr Peter Troughton, Telecom chief executive, said he expected an announcement within two weeks if the deal was to be completed before the general election in October.

Telecom, one of the three divisions of the old post office, has been valued at up to NZ$4bn (£1.4bn), but the Government is expected to receive less than that in today's depressed stock market.

It is not known how the Government plans to sell the company and there are a number of technical difficulties. It was reported recently that it was considering selling 40 per cent of the shares to an international shareholder such as Bell Telephone of the US, with another 30 per cent to a New Zealand corporation and the remaining 30 per cent to New Zealand private investors.

However, the weak state of the New Zealand share market may make this difficult. There have also been suggestions that the management, largely recruited from Britain and the US, may be involved in a partial management buy-out.

There has been speculation that the Government wants to sell it before June 30, because of a shortfall of NZ$2.5bn in the amount it had budgeted to raise from asset sales by then.

Under Dr Troughton, a former executive with British Telecom, the corporation has been restructured, with many offices closed and several thousand staff made redundant, 600 in Auckland alone last week.

In the year to March 31, 1989 it earned NZ$240m on assets of NZ$3.9bn, and in the six months to September 30 its revenue rose to NZ$1.115bn.

Dr Troughton said yesterday that the company was ready for sale and he favoured privatisation by public floatation, which had been a successful formula in other countries. He said he favoured an international floatation.

The National Party opposition, which has a big lead in the opinion polls, has said that no large foreign company should own more than 25 per cent of strategic assets such as Telecom.

There is also considerable animosity within the Labour Party at the sale and last year the Lange Government had promised to consult the party. However, the Government under Mr Geoffrey Palmer, the present Prime Minister, apparently intends to consult only Labour MPs and most are believed to favour the sale. They are expected to give their approval at next Thursday's caucus meeting.

Delhi shelves decisions on industry policy

Supporters of liberalisation are fighting a rearguard action, reports **David Housego**

TWO MONTHS after Prime Minister V.P. Singh's administration took office in India, there is still no sign it has resolved its differences over economic and industrial policy. Preoccupied by the turmoil in Kashmir and the Punjab and by looming state elections on February 27, it has shelved all other big decisions.

Ministers had signalled that the speech to have been given by Mr Ajit Singh, the Minister of Industry, to the Davos conference would be the first clear statement of the Government's intentions. In the event, Mr Ajit Singh was too busy with electoral politics to go himself.

The good news is that the text read out for him by one of his ministerial colleagues gave the Government's first statement of unequivocal support for continuing high levels of industrial growth – an attempt to dispel the impression that India had become more inward-looking since the change in administration and that industry would suffer from the proposed shift of resources into agriculture.

The statement said: "Indian industry in the 1990s must look outwards – it must interact globally in production and participate more actively in world trade... our aim is to accelerate industrial growth to double-digit levels."

But there was no sign in the text of how the Government intends to implement these goals. On foreign investment, the statement made clear it would retain the 40 per cent ceiling on the equity participation normally allowed to a foreign company in an Indian group – thus prolonging the regulation which probably more than any other has discouraged foreign investment in the country. The statement offered instead some marginal changes to the foreign investment procedures by promising to simplify them and in certain cases to make approvals "almost automatic".

This lukewarm encouragement comes at a time when there are signs that the volume of foreign investment – already low by international standards at $250m last year – is beginning to decline, partly because of the domestic uncertainties and partly because the interest of multinationals is shifting to Eastern Europe.

The minister's statement apart, other signals to foreign investors have been less encouraging. Pepsi-Cola's big agro-business project in the Punjab has run into further delays with equipment being held up at the customs and other bureaucratic tangles – notwithstanding official pronouncements that the Government remained committed to the venture.

Another move ill-received by foreign investors was the Government's rejection of the $470m settlement former Prime Minister Rajiv Gandhi's government reached with Union Carbide over the Bhopal gas tragedy – thus reopening the sensitive issue of multinationals' liabilities in the event of industrial accidents in India.

Because the foreign exchange reserves have slipped to under two months' import cover, the Government is insisting that new industrial investment must pay its way in foreign exchange terms within two months. The result of this focus on curbing imports will inevitably be to undermine the longer-terms goals of upgrading the technology and competitive strength of Indian industry – and thus its export performance.

The consensus among observers is that the vacuum in decision-making reflects the still unresolved tussle in the Government between those whose priority is rural development and small business and those arguing for a more outward-looking economy and continuing liberalisation.

What is clear is that the supporters of liberalisation are fighting a rearguard action to safeguard what has already been achieved, with little prospect of further advances in the immediate future. They fear the window of opportunity to increase its share of world manufacturing opened up to India by the turmoil in China and the fast-changing industrial landscape elsewhere in the world is fast closing.

It remains uncertain whether Mr V.P. Singh – who pushed liberalisation during his spell as Finance Minister from 1985 to 1987 – will emerge from the state assembly elections at the end of the month with his power enhanced or whether his task of balancing the conflicting pressures will become more complicated. After the elections he is expected to broaden his Government by taking in members of the right wing Hindu BJP party and the Marxist left.

The first signpost to the direction policy is heading will be the budget in the third week of March, followed by the announcement of the import/export regime on April 1. All parties are agreed on the need for a substantial squeeze on domestic demand to curtail the budget deficit, and thus indirectly mounting inflationary pressures and the worryingly large current account deficit.

The big question is whether the reduction in the budgetdeficit will be acheived by cuts in expenditure (such as food and fertiliser subsidies) or through increased taxation on the middle classes and the corporate sector. The Government's leeway has been much reduced by the troubles in Kashmir, ruling out defence cuts, and by commitments to debt relief for farmers and other welfare programmes.

If the Congress Party had been returned to power, the intention was to use the budget to put through a substantial deflationary package that would have slowed down the economy over the next year or two. But this would have probably been accompanied by an IMF borrowing of $2bn-3bn to boost the foreign exchange reserves, further liberalisation, the encouragement of inflows of foreign equity capital, and some steps towards privatisation and private sector financing of infrastructure projects to diminish the load on the budget.

The signs are now that the Government intends to bypass the IMF. It will seek $1bn-$2bn from the commercial markets, accompanying this with a refinancing of existing debt to spread future repayments further. The implications are that the Government will need to impose even tighter monetary and fiscal policies to demonstrate its seriousness to the commercial banks. It seems likely to strengthen curbs on imports – a move that the IMF would have resisted.

Share prices in Bombay have been falling as the short-term horizon has looked gloomier. They are likely to fall further before budget day.

Peking hits at US 'interference'

By Our Foreign Staff

THE Sino-US relationship, already cool in the wake of the massacre in the Chinese capital last June, cooled further yesterday as Peking accused the US of interfering in its internal affairs.

A State Department report, an annual review of human rights worldwide to be presented to Congress on February 21, criticises China's record on human rights, outlining the use of torture and summary execution to repress the Peking democracy movement and pro-independence activists in Tibet.

"If the US State Department insists on its wanton attacks against China in its human rights report, which is based on rumours, it will certainly do further serious harm to Sino-US relations and arouse great indignation from the Chinese people", Jin Guihua, the Foreign Ministry spokesman, said yesterday. He also condemned the US human rights group Asia Watch for a similar report, published this week.

The report, and the US banning of a Chinese interest in an American aircraft parts company, appear to have undone President George Bush's efforts to repair the relationship by twice sending Mr Brent Scowcroft, his security adviser, to Peking last year.

● Chen Yun, China's senior hard-line economist and patron of the unpopular premier, Li Peng, is seriously ill with intestinal cancer, according to the usually reliable pro-Peking magazine The Mirror, published in Hong Kong.

If Chen Yun, who is 85, dies before Deng Xiaoping, the architect of China's economic reform policy, the way might be cleared for a return to more flexible practices.

● China's TV and radio carried their first reports yesterday of the Soviet Communist Party's three-day meeting, quoting President Mikhail Gorbachev as saying a multi-party system could evolve.

Previously, only listeners who tuned to foreign radio stations had picked up the news that the Soviet party had agreed to changes proposed by Mr Gorbachev. "Our correspondents in Moscow are sending reports," said one Chinese journalist, "But we are not printing any of it – at least not in papers which anyone can see".

Peking circulates internal newspapers, called Reference News, to senior officials, and these have probably carried details of events in Moscow.

Brussels may put off Israeli talks

By David Buchan in Brussels

THE European Commission is expected to delay talks with Israeli officials and a planned visit by one of its commissioners to Israel next month, in order to signal its disapproval of behaviour by Israeli security forces in breaking up a peaceful demonstration in Jerusalem last month.

Responding to pressure from the European Parliament, which last month called for an immediate freeze on new scientific cooperation with Israel, Mr Abel Matutes, the commissioner responsible for Mediterranean policy, will probably delay a planned mid-March visit to the country and the selection of new joint scientific projects. A meeting was to have been held this spring for EC and Israeli officials to select 15 environment and water management projects.

However, EC governments have condemned the attack this week on a bus carrying Israeli tourists in Egypt.

Reuter adds from Jerusalem: Mr Moshe Arens, the Israeli Foreign Minister, flies to Czechoslovakia today to restore full ties, the second step towards ending a rift with Moscow and its allies dating from 1967.

Mr Arens, accompanied by a small delegation including Bank of Israel governor Michael Bruno, will sign an accord restoring relations in a joint ceremony with Czechoslovak Foreign Minister Jiri Dienstbier.

The rapprochement, following Hungary's ground-breaking restoration of ties with Israel in September, marks a revival of the good links Czechoslovakia had with Israel in the late 1940s.

Israeli officials said Mr Arens would sign documents restoring ties in Warsaw on February 26. Caution about ties with Israel has disappeared as the communist hold on Eastern Europe collapses.

Israel and the Soviet Union have moved slowly towards normalising relations, but so far have only exchanged consular missions that have little authority.

Manila plans to retire $3bn of debt

By Greg Hutchinson in Manila

THE PHILIPPINES can retire up to $3bn (£1.76m) of foreign debt over the next two years, according to Mr José Fernandez, the country's central bank governor.

He said the Philippines had sufficient financial commitments and agreements from official creditors to effect such a pull-back of its $26.9bn debt.

"The only thing that's got to be done is for financial institutions to put on their thinking-caps and see how we can get maximum relief for the Philippines," he told a news conference, his last scheduled before he hands over the governorship on February 20 to Mr José Cuisia, government administrator and former private banker.

The Philippines only a month ago retired $1.3bn of commercial bank debt by buying it back at a 50 per cent discount.

It is currently negotiating a new money agreement with about 55 commercial banks but faces a problem in dealing with some banks which are unwilling to opt for either the debt buy-back or new money. Some want instead the lucrative alternative of cheques from the Philippine Government carrying a high interest rate. This has irked Japanese banks, particularly, which feel that discipline must be brought to bear on the "free riders".

Free and cheap riding has been holding up the agreement, which is supposed to be signed on February 16 in Tokyo. New loans of some $700m-$750m are involved.

Iranian Japanese venture ends

A JAPANESE consortium led by Mitsui and Company paid Iran Y130bn (£525m)yesterday to end its partnership in a joint petrochemical project, Mr Gholamreza Aqazadeh, Iran's Oil Minister said, Reuter reports from Nicosia.

He told Tehran Radio that the sum was paid four months after Iran and the consortium had agreed to end their 50:50 partnership in the Iran-Japan Petrochemical project in Bandar Khomeini.

Mr Aqazadeh said South Korean companies would probably get most contracts for completing the project.

The payment ends a 19-year joint venture in which the two sides invested a total of Y600bn in the project. "Today Y130bn was deposited at the Central Bank of the Islamic Republic of Iran by the Japanese companies and the 50 per cent equity of Mitsui and its partners was transferred to Iran's National Petrochemical Company (NPC)," he said.

The complex, on Iran's northern Gulf coast, was 85 per cent complete when the Gulf war broke out in 1980. It was repeatedly attacked by Iraqi jets. The Japanese side abandoned work during the war and considered the project no longer economical after fighting ended 18 months ago.

Mr Aqazadeh told the radio, monitored in Cyprus, he hoped the first phase of the project, to be built by Iranian experts, would come on stream by September. "For subsequent phases we are talking with French and South Korean companies and we hope to give most of the installation jobs to South Korea," he said.

Japan's opposition falls short of new dawn

Ian Rodger looks at the JSP's fight to win credibility as a force for change in Japan

THE new dawn in Japanese politics promised by the Japan Socialist Party after its electoral victory last year has failed to materialise. The most frustrating element in the current election campaign has been the failure of the JSP to capitalise on a rare opportunity that emerged last year to become a serious political force.

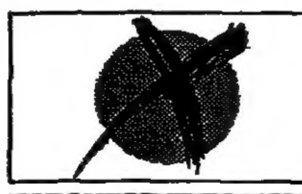
Opinion polls and private conversations alike confirm that the Japanese people are fed up with the Liberal Democratic Party, which in its present form has ruled the country since 1955. But they feel that the JSP, the only opposition party within striking distance of the LDP, has failed abysmally to show itself as a credible alternative.

The party still has so little confidence in its vote winning ability that it is running nowhere near enough candidates even to win a simple majority in the election.

By common consent, the JSP's problem is that, having languished in opposition for more than 40 years, it has been unable to attract talented younger people to its ranks. Consequently, old hardliners who insist that Japan should not be part of the western alliance and should not recognise South Korea, can still dictate policy.

Until last year, no one paid much attention to the JSP's internal problems because the LDP, with a large majority in the lower house of the Diet (parliament) seemed firmly in control.

But the ruling party suddenly ran into trouble – passing legislation that irritated large numbers of voters, and becoming enmeshed in bribery and sexual scandals. The introduction of a 3 per cent consumption tax on virtually all goods and service last April has been particularly unpopular.



JAPANESE ELECTIONS

The JSP was alert enough to capitalise on the LDP's failings, even if it meant adopting more conservative policies than those of the ruling party, and it won a stunning victory in last summer's partial elections in the upper house of the Diet. Together with three marginal opposition parties, it won enough seats to take the majority in the upper house away from the LDP for the first time.

Many people thought Miss Takako Doi, the party's articulate leader, might be right when she declared after the election: "This is a new dawn in Japanese politics." But things have not worked out that way.

Just before the lower house election was called two weeks ago, the JSP standing in opinion polls had dropped to about 25 per cent from 28 per cent at its peak last July.

The LDP, in contrast, had raised its standing from about 26 per cent to 45 per cent over the same period. The JSP began losing ground early in the autumn after newspaper stories alleging that the party, which has close ties with North Korea, was channeling funds raised from the Pachinko pinball game industry – many members of which are Korean – to that country's political leaders.

Party leaders handled the allegations clumsily, allowing the LDP to drag the affair out for several weeks and avoid real debates on the consumption tax and other issues.

More importantly, party leaders were unable to gain internal agreement to jettison their outdated policies. In an embarrassing episode in September, hardliners even forced the leadership to remove a phrase from a policy reform document that would acknowledge that Japan was "a member of the western camp."

As a result, the LDP was able to argue that the JSP was still not a fit to be considered as an alternative government, and other opposition parties shied away from forming a coalition with it.

The party managed to recover some dignity in December when Mr Tsuruo Yamaguchi, its Secretary-General, accepted an official invitation to visit South Korea.

Also, it led the opposition parties in the upper house in passing a bill to abolish the hated consumption tax. The party subsequently allowed the bill to die in the lower house, but it was nevertheless the first one in decades that the opposition forces had managed to pass.

The party also had an opportunity to capitalise on the sudden emergence of political reform movements in eastern Europe. These have captured the imagination of the Japanese public, causing many people to reflect on the lack of reform in Japan. Many might like to vote for the JSP as a way of promoting change, but the party is not even running candidates in every constituency.

Under Japan's peculiar election system, constituencies are very large and, depending on the constituency, the top two to six candidates in the poll win seats. Therefore, to win a majority of the 512 seats in the lower house, a party must run more than one candidate in most of the 130 constituencies.

That is fine for a large party, like the LDP, but a smaller party must consider carefully whether running two or more candidates in a given constituency would risk splitting its vote.

Until this year, the LDP was the only party that ran several candidates in most constituencies, the JSP and other parties preferring to concentrate their forces in the areas where they thought their chances best. This year, Miss Doi and other JSP leaders wanted to raise the number of their candidates to 180 from 138 in the 1986 election, but pressure from worried incumbents and others forced them to retreat to 148.

Ironically, the JSP has resisted efforts by the LDP to reform the election system. Perhaps after this election, it will change its view. In any event, all but a handful of the 148 candidates are expected to win, a big jump on the 86 who won in 1986. Moreover, in spite of the limitation on the number of official candidates, various disgruntled would-be JSP candidates have registered as independents. The result is that the JSP finds itself entangled in intra-party battles in some constituencies every bit as fierce as those between members of different factions of the LDP.

Given this background, it is rather difficult to take the party's campaign themes very seriously. Miss Doi's main promise is to introduce a bill to abolish the consumption tax in September. That, of course, is an empty promise because she is most unlikely to be able to win enough support from independents and the marginal parties to form a majority.

A more promising vein, which may yet put some life into the campaign, has been her probe into the LDP's campaign finances. She has charged that the LDP has asked the business community to donate Y30bn (£121m), warning them that a JSP victory would be a disaster for freedom and capitalism.

LDP leaders deny the charges, but business leaders admit that the denials have been rather finely worded.

Still, it just shows that it remains easier for the JSP to attack the LDP than to come out with coherent, credible policies of its own.

OVERSEAS NEWS

European businesses cautious of returning to South Africa

The European Community will debate the issue of South African sanctions on February 20. The British Government is eager to have the voluntary ban on new investment lifted following the reforms announced by President F.W. de Klerk last week. FT writers ask companies in West Germany, France and Britain whether they are considering a change in corporate strategy

LONDON

BRITAIN has remained the largest investor in South Africa despite public pressure on UK companies. The exact extent of that investment is difficult to gauge but James Capel, the securities house, estimates that 75 per cent of foreign companies still in South Africa are British, writes Paul Abrahams.

South Africa continues to remain an important profit centre for UK companies. Last year 33 per cent of companies in the FTSE 100 Index derived income from South Africa and 2 per cent of all profits for companies in the index came from that country. Continental Europe provided only 11 per cent.

PIRC, a London-based organisation offering independent financial advice on South African investment, estimates that five UK companies derive 5 per cent or more of their profits from South African operations: Blue Circle, BOC, Reckitt & Colman, RTZ and Lonrho.

This week, the only shares to have reacted to the statement were those belonging to Lonrho, which have risen 5 per cent on the London stock market since President de Klerk's speech. The company recently acquired a platinum mine in the country. Analysts believe that within three years some 45 per cent of Lonrho's profits will come from South Africa.

Those companies which have kept interests in South Africa are reticent about their future investment strategies.

Reckitt & Colman, the consumer products group, said yesterday it was too early after the announcement to review its operations. The company said it was also likely to look carefully at the country's economic situation, which remains precarious, before any further investment.

BOC, the industrial gases group which has a 57 per cent stake in African Oxygen, agrees it is too early to make decisions.

"At the moment we have words," says Mr Paul Bossonnet, deputy chairman of BOC. "And we have heard a lot of words on South Africa. When something real happens, there may come a time to reconsider the situation."

Those companies which have disinvested during the 1980s also remain cautious. Barclays Bank, which disinvested from South Africa after pressure from the National Union of Students, says its position had not changed.

Nevertheless, an analyst at James Capel said it had received many inquiries about investment opportunities in South Africa from the business communities in the UK, West Germany and Switzerland in the last week.

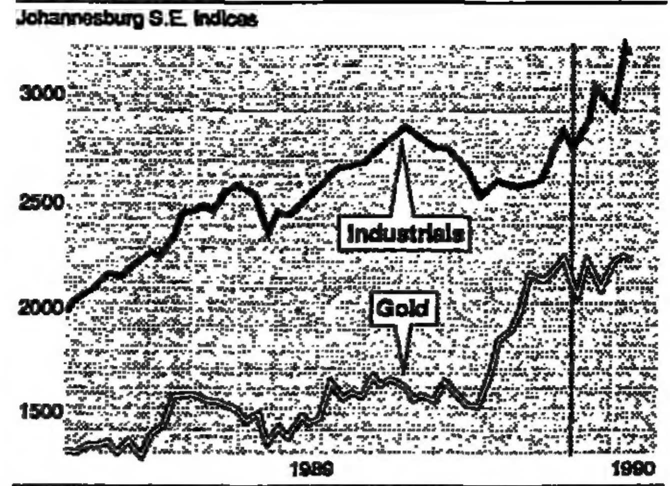
In the short term, financial analysts point out that investments in South Africa remain highly risky. Companies investing there will also have to face opposition from pressure groups which still favour disinvestment.

Those companies also risk a fall in their share price. A recent survey by PIRC showed that last year more than 60 per cent of top pension fund managers by value in the UK ran funds that had restrictions on stocks with involvement in South Africa.

Future investments in South Africa may not be bargains. If those companies which disinvested do decide to put their money back into the country, they may well find they have to pay rather more to rebuy their businesses.

South Africa

Johannesburg S.E. Indices



PARIS

IN France, businessmen reacted cautiously. France's economic presence in South Africa has always been modest, and few companies have disinvested from the country in response to the criticism of apartheid over the years, George Graham reports. Few, however, appear enthusiastic about the immediate prospects for renewing business contacts.

French direct investments in South Africa are estimated by the Bank of France to have amounted to FFr616m (£63m) at the end of 1987, substantially lower than in Senegal, Gabon or Cameroon, and less than a third of total investments in Cote d'Ivoire, France's principal business partner in Africa.

The energy sector, including oil, coal and gas, accounts for three-quarters of this stock of investments, with chemicals and electrical equipment making up most of the rest. Total, the state-controlled oil company, has the largest presence, with around 13 per cent of the petrol service station market, a 30 per cent stake in an oil refinery and a coal mine joint venture with BP.

Total said the company was pleased with the evolution in South Africa, but that it was too early to draw any conclusions on the future.

Peugeot and Renault, the two car makers, are the only two big French companies to have pulled out of South Africa in recent years.

Renault said the decision had been made on purely business grounds, and it would have to wait to see if future business opportunities arrived.

Peugeot, whose Paris headquarters was damaged in 1986 by a bomb planted in protest at exports to South Africa by a division of the group, was more cautious; a spokesman for Automobiles Peugeot said it was too early to revise the company's policy.

No French listed companies have enough exposure to South Africa for the Paris stock market to pay any attention to last week's developments in the political situation.

Financial analysts said, however, that in the longer term oil companies like Total and Elf Aquitaine, both of which have substantial interests in nearby African countries such as Angola and Gabon, could benefit enormously from an opening up of the South African market.

FRANKFURT

WEST German companies with activities in South Africa welcomed the latest turn of events, but did not expect their business there to take a marked turn for the better, writes Andrew Fisher.

Two of the most prominent German companies with car assembly plants in South Africa are Mercedes-Benz, part of the Daimler-Benz industrial group, and BMW.

BMW, which employs around 2,000 people at its car assembly plant near Pretoria, had no reaction to offer on the latest developments. The company said it had never had any problems or strikes. It had had no need to adjust working conditions in line with the standard set by IG Metall in late 1987, since it was already at this level.

The company assembles all its current models from knock-down kits supplied from Germany.

Mercedes said it was already well represented in the local market and had no particular plans for any further expansion beyond its normal rate of investment there.

Demonstrators outside the Wanderers cricket ground in Johannesburg protest against the English cricket tour

Police fire tear-gas at tour protesters

RIOT police used tear-gas and batons against black teenagers attempting to stage a protest against the rebel English cricket tour of South Africa yesterday. Activists said some of the protesters were beaten, Reuter reports from Johannesburg.

Anti-apartheid activist Mr Moses Mayekiso strongly condemned the police, saying their action was difficult to understand "given the fact that [President F.W.] de Klerk is talking about change".

He said the police waded into a crowd of protesters as they were about to leave the black township of Alexandra to travel to the Johannesburg cricket ground where the English cricket team is playing the first international match of a seven-week tour. Witnesses said most of the demonstrators were teenagers wearing regulation black and white school uniforms.

"The riot police arrived and started tear-gassing and beating up people," Mr Mayekiso said.

Police Captain Eugene Opperman said police intervened on learning 2,000 students and other activists were travelling to Johannesburg's Wanderers cricket stadium.

The protest defied a magistrates' order refusing a request by anti-tour groups for permission to demonstrate.

The clash was the latest in a series of violent incidents at matches involving the English cricketers in Kimberley and Bloemfontein, where anti-tour demonstrators were dispersed by riot police using dogs, rubber bullets and tear-gas.

Mr Mayekiso, a senior civic and trade union leader, said the police action had violated the spirit of sweeping reforms announced by Mr De Klerk on Friday which lifted bans on major anti-apartheid organisations.

In Cape Town, Mr Adriaan Vlok, the Law and Order Minister, said white right-wing extremists in South Africa had threatened to kill black nationalist leader Nelson Mandela after he is released from prison.

Mr De Klerk has not said when Mr Mandela, 71, will be released, but government officials told Reuters yesterday it should be within a week to 10 days and could be before the weekend.

Credit remains biggest obstacle to co-operative success

By John Murray Brown in Jakarta

CREDIT POLICY has long been the most contentious issue affecting Indonesia's 34,000 co-operatives. So when the co-operatives Ministry criticises the co-operatives bank for insufficient lending there must be something amiss.

Large arrears is one problem area; official mismanagement and corruption is another. In October 1989 the four-year old rural credit co-operative programme *kut* had outstanding loans of Rupiah 100bn, of which Rp60bn was arrears.

According to figures for the 1986-87 rice harvest, the programme incurred default claims of Rp4.5bn ($2.5m), 17 per cent of total loans extended for that six-month period.

These amounts, which are covered by premiums taken by the co-operatives insurance agency, are settled directly by *the Ministry of Finance*. By contrast Kupedes, a programme run by Bank Rakyat Indonesia at market interest *rates of 32 per cent, has arrears* of 3.32 per cent on total agricultural credits of Rp150bn.

Last week Mr Adrianus *Mooy, Governor of the Central* Bank, announced cuts in its subsidised credit programme - though the co-operatives will still be supported.

"The provision of credit at the *right* time is more important than the cost and interest rate," he said. The subsidised programme is seen as "a social *institution instead* of a regular bank loan."

The English language Jakarta Post argued recently that "unscrupulous and recalcitrant co-operative officials, village chiefs and farmers' leaders should be taken to court to strengthen the message *that kut* credits are not a dole from the government but loans that that have to be repaid."

In 1985 Bimas, an earlier subsidised programme, collapsed with cumulative bad debt of Rp121bn.

The scheme is also pyramiding dangerously. Banks lend to the co-operatives usually for a year while the farmer repays the co-operative within six or seven months.

Leaving that much money *for up to six months* in the hands of co-operative managers is courting disaster. Frequently subsidised credit is *seen as a way for the government* to persuade a farmer to plant crops he would not otherwise plant.

Indonesian co-operatives receive a shot in the arm

John Murray Brown looks at President Suharto's Utopian vision of more private sector involvement

Buried deep in the pages of the Indonesian constitution is a reference, rather vaguely expressed, to one of the country's oldest and most cherished institutions - the co-operative.

Today the co-operative, the country cousin of the Indonesian economy is again on everyone's lips as increased business competition sharpens the divide between rural and urban communities.

In many ways Indonesia faces a crisis of identity as modernisation and industrialisation take their toll on a society of 175m people, 70 per cent of whom still make their living in rural areas.

The state sector, for so long the pillar of the economy, is slowly retreating in the face of lower government oil revenues. At the same time Reform is encouraging the private sector, hitherto a small group of Chinese businesses collaborating with military interests and those close to President Suharto.

Meanwhile, the co-operatives, like the provident societies of 19th century England, continue to be idealised as bulwarks of the underprivileged.

In a speech in January, President Suharto called on private enterprise to sell 25 per cent of their shares to the co-operatives, a Utopian vision which took many foreign businessmen by surprise.

The speech was in many ways a measure of his own frustration at the dismal state of co-operative development. According to a 1988 World Bank report, of the 6,000 rural credit co-operatives, "1,272 are insolvent but not entirely hopeless, while 1,658 are candidates for dissolution or liquidation."

"Ask 10 people about the President's speech and you'll get 10 different answers. But I hope it wasn't just a political gesture," says one official. "In Europe you have the welfare state; Indonesia is really a capitalist society. We need something to distribute income."

Co-operatives were set up to bring economies of scale to Indonesia's patchwork of tiny farms. They were also seen as a way to introduce technology and modern management to Indonesia's multitude of handicraft and cottage industries.

Their credit arms were to provide finance for farmers, who with little more than a third of a hectare, were often thought beyond the scope of most commercial banks. By supporting the small farmer it was also thought the cooperative could restrain land prices at a time when there was great pressure to consolidate farm plots.

Today Indonesia boasts 34,000 co-operatives, with a total membership of some 26m, covering a bewildering array of activities.

Makers of textiles are among the more successful co-operatives

There is Bukopin, the cooperative bank, an amalgamation of seven regional co-operative banks. The military and the civil service both have co-operative foundations. For example the army has a joint venture with a Korean company in the timber business.

The teachers cooperative owns a bicycle factory. One of the oldest co-operative is GKBI a batik textile manufacturer founded in 1938 and one of the rare success stories.

"As a business we are in good shape," says Dr Jan Daskian, an economist drafted in to restructure GKBI after it all but collapsed under a welter of debt in 1983. "Ideologically I think we still have to make up our minds."

Started as a traditional cottage industry producing hand printed batik for the local market, GKBI now has 4 modern integrated textile *factories*, 16 spinning mills and a joint venture with Nichimen Daibo the Japanese textile company.

With a membership of just 8,000, the co-operative boasts an annual turnover of $120m - 60 per cent in exports. Until 1985 the co-operative even received backing from the International Finance Corporation, a World Bank affiliate.

"Call it profit or whatever. We're a business. We're buying and selling. The weakness of many Indonesian co-operatives is that they're still treated *like* some strange animal," says Dr Daskian.

Some enlightened industrialists already work hand in hand with co-operatives. Mantrust the country's largest food processor has a number of cooperative schemes. A dairy processing operation - a joint venture with the Minnesota based cooperative Land o' Lakes - has had its problems.

Last year a six-month dispute with the local dairy co-operative over loan repayments threatened the livelihood of some 50,000 dairy farmers. A mushroom plant which supplies Green Giant of the US has been more successful. After five years in production many of the farmers are now in a position to buy their own homes which they previously rented from the company.

The latest venture - perhaps the *most ambitious* - is a tuna fishing operation following the company's recent acquisition of Chicken of the Sea, the second *largest tuna brand* in the US.

The bulk of Indonesia's cooperatives is made up of the rural credit co-ops or kud. According to the co-operatives ministry these represent 36.7 per cent of all rural families. They have a monopoly of milk and sugar production and it has been given a monopoly on fertiliser distribution but rice purchasing is the main activity. However, credit has become a problem with bad debts under the subsidised co-operative credit programme running at over 50 per cent of all outstanding loans.

In an effort to avoid further default, Mr Adrianus Mooy, the Central Bank governor recently announced new credit policies *including* an increase in interest rates for the cooperative credit scheme.

As one consultant put it "The big numbers game is almost certainly over." Like other government departments co-operatives are having to put their house together although few will survive without government assistance.

South Koreans return from Sakhalin Island

A SEOUL aircraft returned from Sakhalin Island on Thursday bringing back 120 ethnic Koreans for family reunions in South Korea after more than four decades on the far eastern Soviet Island, Reuter reports from Seoul.

"You are still alive. I have no words to say," Sok Il-su, 68, one of the passengers, told his sister at Seoul's Airport.

It was the first time a South Korean aircraft had been allowed to fly to Sakhalin, Red Cross officials said. In 1983, a Korean Air Lines airliner with 269 people on board strayed over Sakhalin *and was shot* down by Soviet forces.

An estimated 43,000 ethnic Koreans, mostly from what is now South Korea, were taken to the then-Japanese territory of South Sakhalin as forced labour during World War II.

The Japanese half of the remote island to the North of Japan was overrun by Soviet forces at the end of the Second World War, stranding the Koreans.

Last September, the Soviet Union and the South Korean Red Cross signed a pact to allow ethnic Koreans on the island to visit the South at the invitation of relatives.

Since then Sakhalin Koreans have been allowed to visit *South Korea via flights* through Japan. Seoul and Moscow last December agreed to set up semi-consular ties.

Argentine inflation climbing again

By Gary Mead in Buenos Aires

ARGENTINA *started* 1990 with its third worst inflation on record, with an average retail price rise of more than 79 per cent in January alone, according to government figures. Given the December figure of 40 per cent, and projections for February about 50 per cent, the country is again in the grip of hyperinflation.

The inflationary gloom abides 10 months after the worst hyperinflation in Argentine history; the July 1989 figure was almost 200 per cent and precipitated an early transfer of government to the Peronist party under the newly-elected President Carlos Menem. Late last year he said that mammoth inflation was a thing of the past, predicting that 1990 would see inflation of 15 per cent for the whole year.

Argentines learned yesterday that the state-run telecommunications company ENTel is to put up tariffs by 112 per cent, electricity prices by a similar amount, and water charges by 87 per cent – all with immediate effect.

Mr Menem this week blamed unnamed businessmen, saying that their speculative attitudes were responsible for both retail price rises and the collapse of the austral from 1,800 to more than 3,000 australs to the US dollar in less than a week.

The Government is beset with problems on both economic and political fronts. Buenos Aires public hospitals' 1,600 doctors have started an indefinite strike for more pay, and a political scandal has erupted over the distribution of *bonos solidarios*, charity relief tickets handed out by the Government. A Peronist congressman, Mr Dante Camano, has admitted being given 40,000 such tickets (worth almost $200,000 at current rates) for personal distribution.

Mr Luis Saadi, another Peronist congressman, has described the arrangement as "one of the most infamous actions of the Argentine political class", though the deeper issue is one of growing internal Peronist challenges to the Menem administration.

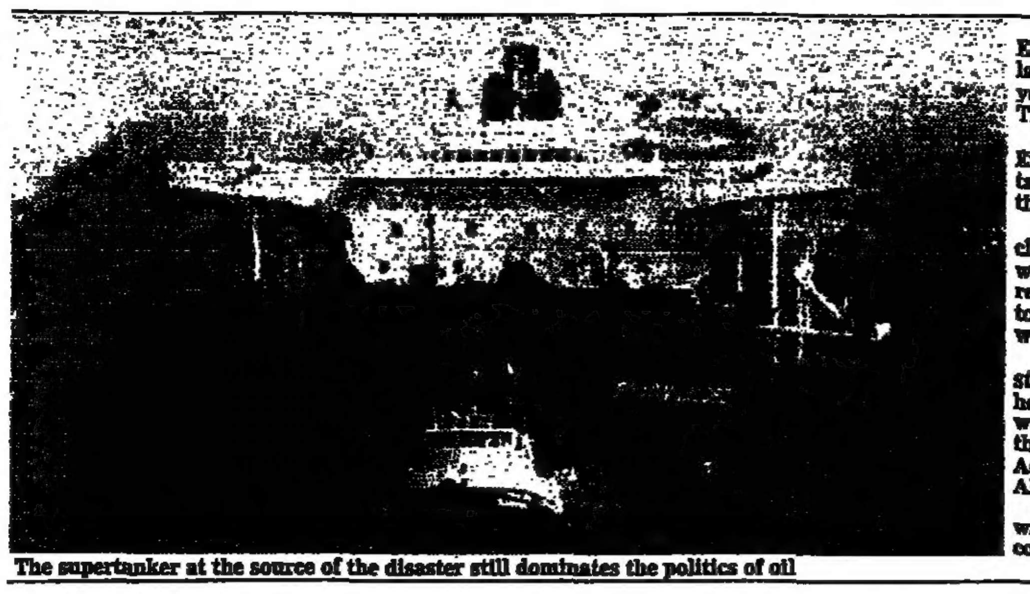
Waiting for Alaska's winter ice to break

David Thomas examines the consequences of the Exxon Valdez oil spill one litigious year on

AS the first anniversary of the spillage from the oil tanker Exxon Valdez draws near, the people of Alaska are bracing themselves for further repercussions of an event which *has* transformed the balance of power between industry and environmentalists in the US.

Alaskan state legislators are preparing more laws to hem in the oil industry, besides those passed last year in the initial angry reaction to the worst oil spillage in North America.

Lawyers are proceeding with some 150 lawsuits against Exxon, while hundreds of fishermen, tourism operators and other businesses affected by the seepage of almost 11m gallons of crude into Prince William Sound are hoping to squeeze extra compensation out of the US's biggest oil company.



The supertanker at the source of the disaster still dominates the politics of oil

The trial of Mr Joseph Hazelwood, captain of the Exxon Valdez when it ran aground, is expected to end in Anchorage next month. Its outcome will shape US public opinion as to whether one individual, or flawed procedures in an entire industry, should take the rap.

Meanwhile, the companies which bring out of Alaska about a quarter of US domestic oil production are trying to put the disaster behind them. Whether they succeed in the short term may turn on how Exxon handles itself in the spring, when the Alaskan weather will allow the 1,000 miles of soiled beaches to be re-inspected. There are already signs that Exxon could face another bruising fight with the state authorities over whether to resume the cleansing. Both sides say they will wait until April before pronouncing definitively on whether the beaches need further treatment, yet Exxon and the state are already staking out their likely positions.

In Anchorage, Mr Bob Mastracchio, Exxon technical manager for the cleansing, says Alaskan winter storms are removing the remaining oil from the exposed shoreline, while there is little evidence of sub-surface oil or seepage into the water even on sheltered beaches. "We don't think we'll have to do much (in the spring)," he says confidently. That may be good news for Exxon's shareholders, who have already taken a $1.38bn cleansing charge against 1989 earnings, but will not please the state authorities. Mr Dennis Kelso, Alaskan Environment Commissioner, says a mid-winter survey by his department discovered 85 miles of exposed beaches and 32 miles of sheltered beaches with heavy to moderate surface oil, and pollution down to 28 inches on some beaches.

"We have had problems in the past with claims by Exxon of progress that were way out of line with what had been accomplished," says Mr Kelso, adding that the state will not hesitate to use its legal powers to force Exxon to resume the cleansing.

Further environmental controls on the oil industry are being debated in the state legislature, which increased taxes and established a five-cents-a-barrel environment fund immediately after the Exxon Valdez spill, adding more than $200m a year to the industry's costs in Alaska. "We have been able to get environmental legislation that would never have happened but for the disaster," Governor Steve Cowper of Alaska, said last week.

Measures now under consideration in Alaska include powers for the state Environmental Department to levy on-the-spot fines on polluters. The state will announce more measures this month in response to the report of its oil spill commission, published last month, which blamed the disaster on the oil industry's profit-motivated indifference to the environment. "We expect to adopt most of the recommendations of the commission," Mr Cowper said.

These tough words coincide with the first tentative signs that Alaska is coming to terms with the spill. In a poll at the start of the winter, 35 per cent of Alaskans said the spill represented the price to be paid for oil development and were relieved it was not worse – almost as many as the 40 per cent who remained outraged. Legislators friendly to the environmental movement in Alaska detect a waning of public interest in the issue.

Meanwhile, the oil companies have been reviewing their procedures for dealing with future spills. Much of this work has fallen on Aleyska Pipeline Service Company, the consortium of seven oil companies responsible for initial spill response near the terminal at the port of Valdez. Aleyska's performance at the time of the tanker spill was widely condemned as lamentable.

British Petroleum – the biggest producer of oil in Alaska and the controlling force in Aleyska – has appointed new senior managers to strengthen the consortium's environmental controls. Mr Mike Williams, a BP man and Aleyska's new vice-president for environmental matters, has drawn up an oil spill prevention and response plan which, he says, will add $50m a year to Aleyska's operating costs – equivalent to seven cents a barrel.

Top oil men are beginning to complain that the environmental backlash after the spill is *hampering their operations* in Alaska. "It has definitely put a squeeze on realising the opportunities here. says Mr Julian Darley, BP's new president in Alaska.

Yet these dire warnings sit oddly with BP's expansion of its capital budget for Alaska to $500m this year - a third more than the level last year. The fields on Alaska's North Slope remain hugely profitable. In 1988, the last year for which figures are available, BP made pre-tax profits of $634m in Alaska despite weak oil prices.

EXXON, the US oil company responsible for the Alaskan oil spil last March, is not planning to do much further cleansing this year, the company's president said in an interview, reports David Thomas in New York.

Mr Lee Raymond, who has been in day-to-day charge at Exxon's New York headquarters for the operation since the tanker Exxon Valdez spilt almost 11m gallons of oil, described the cleansing as essentially complete.

The president said there might be some spill-related debris to clear, and some environmental benefit to be gained from further work on sheltered beaches when Alaska's weather allows a resumption of operations in the spring. "But, especially relative to the effort of last summer, it would be very, very modest and it would be run in the most cost-effective way."

Exxon's attitude is likely to bring it into conflict with Alaskan state authorities, which believe that many beaches remain heavily oiled. Howeverr, Mr Raymond made clear that Exxon would put greater weight on the views of the federal agencies – the Coast Guard and the National Oceanic and Atmospheric Administration – which are to complete a further study of Alaska's shore-line in April.

Mr Raymond said Exxon – the world's largest oil company – was in the middle of a programme to strengthen environmental controls in its operational units.

Brazil 'to clear $980m Paris Club arrears'

BRAZIL will soon pay to sovereign creditors arrears totalling $980m owed to the Paris Club, the Brazilian Central Bank said yesterday, Reuter reports from São Paulo.

A Brazilian Finance Ministry official had said earlier that the nation would resume Paris Club payments this week, adding however, that only some payments would be made, not the total outstanding. But the Central Bank said Brazil aims to pay the entire $980m of arrears.

The measure will ease the early days in office of President-elect Fernando Collor de Mello, who is totake office March 15. Mr Collor is visiting government and business leaders in the US, Japan and Europe.

Mr Collor's promises during his trip to liberalise the Brazilian economy have been warmly received. However, leaders of industrialised countries have been quick to stipulate that Brazil pay its Paris Club arrears and reach agreement with the International Monetary Fund before it could *have any new credits.*

Mr Collor yesterday met British officials, including Mrs Margaret Thatcher.

Peru minister quits over poll shooting

By Sally Bowen in Lima

PERU'S Interior Minister, Mr Agustin Mantilla, has tendered his resignation after a presidential candidate was injured by police while campaigning.

Police used water cannon, shotguns and tear gas against *supporters of the United Left*, a group of Marxist parties, in Lima late on Wednesday.

Mr Henry Pease, the group's candidate in the April 8 elections, was shot in the leg and several of his companions and two journalists were wounded.

He was on a campaign walkabout when skirmishes broke out. The candidate's remonstrations were ignored and police opened fire.

Mr Pease is trailing badly in opinion polls behind Mr Mario Vargas Llosa, the novelist and centre-right candidate.

Court takes jurisdiction over Noriega

By Henry Hamman in Miami

A US FEDERAL trial judge ruled yesterday that his court has jurisdiction to try General Manuel Antonio Noriega, former Panamanian military ruler, on drug trafficking and money laundering charges.

Attorneys for Gen Noriega had said he was a prisoner of war and the Geneva Convention precluded his being tried on criminal charges.

But Judge William Hoeveler ruled that the court did have jurisdiction and that the case could proceed.

Gen Noriega's chief defence lawyer, Mr Frank Rubino, said after the hearing that he did not intend to allow the ruling to go unchallenged.

Judge Hoeveler also heard arguments that the court should examine the means by which the US brought Gen Noriega to Miami for trial – the invasion of Panama.

There is precedent in US law for charges to be dismissed if the methods used to apprehend a defendant are "shocking to the conscience of the court". Mr Rubino asked for a hearing on this issue, in effect a trial of the legitimacy of the invasion. Prosecution lawyers said they would oppose a hearing.

Defence attorneys for Gen Noriega said it would be 18 months to two years before they were ready to bring the case to trial.

Week-old Mexican Ford strike ended

A WEEK-OLD strike at a Ford engine assembly plant in northern Mexico ended yesterday, and talks began on ending a walkout at a second Ford plant, Reuter reports from Mexico City.

About 1,200 workers who went on strike last Wednesday in the northern state of Chihuahua agreed to return to work after the company granted them a 27.4 per cent wage rise, Ford said.

The plant, which ordinarily produces 1,300 engines a day, had been shut down by the strike.

Ford said the company also entered a new round of talks yesterday morning aimed at ending a month-old strike at its Cuautitlan vehicle assembly plant on the outskirts of Mexico City. The walkout has kept some 15,000 vehicles from the assembly line.

Ford said on Wednesday it had started sacking large numbers of workers in an effort to break the strike. On Thursday, however, it said the sackings could be reconsidered "on a case-by-case basis".

The workers downed tools to press demands for payment of obligatory Christmas bonuses and for a shake-up in their union leadership, which they have repeatedly accused of corruption and failing to stand up for workers' rights.

Hundreds of dismissed strikers at Cuautitlan earlier angrily rejected the company's move to dismiss them, saying the plant would remain crippled without them.

Mexico to open up in computer and drugs sectors

By Richard Johns in Mexico City

MEXICO is moving to open its market in two of the three still restricted sectors, computers and pharmaceuticals, where imports have hitherto been subject to licences.

At the same time, the Government is planning to submit legislation giving protection to all patents and trademarks for a 15-year period, from the beginning of 1991.

The Ministry of Commerce and Industry (Secofi) is expected to announce in the next two weeks that the licensing restrictions on the import of computers will be dropped from mid-March.

Officials stress, however, that tight quality controls over imports will be maintained, as well as requirements relating to maintenance and the availability of spare parts.

The present tariff of 10 per cent will apparently remain in force.

The liberalisation of the sector was revealed by Mr Fernando Sanchez Ugarte, undersecretary for industry and foreign investment at Secofi, in a speech given in Chihuahua this week.

He said that the Government, in consultation with American producers, was working out a programme which would "include the elimination of all prior import permits".

Simultaneously, the plan is to stimulate the domestic computer industry through a system of exemptions from duties on components for a three-year period, with the degree of liberalisation related to the national value added of a company's production.

Certainly, a big expansion of Mexico's computer industry seems to be in prospect.

Among the foreign computer companies with manufacturing operations here are IBM, Hewlett-Packard, Digital Equipment, Unisys and Honeywell Bull.

Mr Sanchez also announced that agreement with the pharmaceutical industry had finally been reached, whereby the import permit system would be abolished for 46 out of 80 inputs and raw materials.

Restrictions would be removed on 12 more in the course of 1990, while imports of the rest would be liberalised in the 1991-3 period.

Hong Kong seeks £216m suspension bridge tenders

By John Elliott in Hong Kong

HONG Kong has issued an international invitation to companies interested in bidding later this year for a franchise to design, build, finance and operate the world's longest suspension bridge, at an estimated cost of more than HK$6.5bn (£216m), in the typhoon-prone colony, which returns to Chinese sovereignty in 1997.

The bridge, carrying road and rail traffic, will be 1,413 metres long, and the 7km project will also involve a shorter 426-metre bridge and connecting highways to link Lantau Island to Kowloon.

The operators will be able to charge tolls. They will also be invited to put forward alternative proposals for submersed tube tunnels which Mott McDonald, consultants to the Hong Kong Government, has said are technically feasible but probably more expensive.

Called the Lantau Fixed Crossing, the project forms part of infrastructure developments planned for the next decade which are budgeted to cost more than HK$130bn and include a new airport and container port terminals.

The bridge's central span will make it 130 metres longer than San Francisco's Golden Gate bridge.

The world's only other suspension bridge combining road and rail traffic opened in Japan two years ago.

One consortium, comprising Trafalgar House and Costain from the UK with Mitsui of Japan, has already told the Government it is interested in the project.

Australia to sign Soviet pacts

By Chris Sherwell in Sydney

AUSTRALIA and the Soviet Union will sign important fisheries and commodities agreements next week during the forthcoming three-day visit by Mr Nikolai Ryzhkov, the Soviet Prime Minister.

Mr Ryzhkov will be the most senior Soviet political figure ever to visit Australia. His trip, which also takes in Bangkok and Singapore, follows one to the Soviet Union in 1987 by his Australian counterpart, Mr *Bob Hawke.*

Ryzhkov: most senior visitor

The two sides will also sign agreements on human contacts and consular affairs, the environment and the peaceful use of nuclear energy. But the two on fishing and commodities, which were linked and have taken two difficult years to negotiate, are the most significant.

The fisheries agreement allows access to selected Australian ports for Soviet fishing vessels needing to land catches and undergo repairs and resupply, and landing rights to Aeroflot charter flights for fishing crew changeovers.

In addition it provides for limited feasibility fishing in Australian waters, and for commercial fee fishing through joint ventures with Australian companies. The commodities agreement is designed to establish a more reliable and predictable basis for Soviet-Australian trade. By including indicative quantities for the supply and purchase of products like wheat, sugar, manganese, wool, bauxite and alumina, it provides a basis for long-term contracts.

Soviet-Australian trade is heavily in Australia's favour. In the year to June 1989, Australia's exports amounted to just over A$1bn (£454m), with 85 per cent of that as wool. Imports were valued at less than A$54m, and included motor vehicles, refined petroleum and chemicals.

Mr Ryzhkov's visit, which has previously been postponed twice, is regarded by Australia as highly important because it points to a broadening *bilateral* relationship and allows discussion of regional issues.

Turkey seals exchange deal for gas imports

By Jim Bodgener in Ankara

TURKEY yesterday signed an exchange agreement with the Soviet Union for the import of 4.1bn cubic metres of Soviet natural gas in 1990, valued at $316m (£190). A list of goods and services to be exchanged was agreed on within the framework of a programme envisaging imports totalling about 6bn cubic metres annually in the early 1990s.

According to the agreement, Turkey will supply goods valued at a total of $135m, and construction services worth $86m. The remaining $95m worth of gas will be covered through repayment of export credits extended to Moscow by the Export-Import Bank of Turkey (Eximbank).

An additional $67m worth of *Turkish goods will* be supplied to cover outstanding payments for gas imports last year, and past Soviet investments in Turkey. According to recent agreements, bi-lateral trade will be increased to $3bn-4bn annually in the next few years. It is expected to have reach around $1.2bn in 1989, from $630m. Turkey last year lifted 3.5m cubic metres of Soviet gas valued at $201m.

Earlier this month, an agreement for the import of 1m tonnes of crude oil and 300,000 tonnes of diesel oil at market prices in 1990 was reached between the Turkish Petroleum Refineries Corporation (Tupras), and the Soviet Union's Soyuz Neft.

Last year, Eximbank extended credits of $300m to the Soviet Union within the gas deal, and recently signed a *$350m credit supporting* awards for industrial plants to Turkish contractors.

S Koreans raise new fears in Silicon Valley

Louise Kehoe reports on a fresh challenge to the US domestic semiconductor market

A FRESH trade battle over semiconductor memory chips is brewing in the US targeting South Korea rather than Japan.

Samsung and other Korean chip makers are alleged to be waging an aggressive memory chip-price war in the US that is *raising concerns* among industry and government officials.

No formal trade complaints have yet been filed, but US semiconductor industry executives are charging Korean manufacturers of Dynamic Random Access Memory (D-Ram) chips with driving down prices in the US in an *attempt to win* a share of the market which threatens the future of a critical US industry sector already weakened by Japanese competition.

D-Ram prices are said to have declined significantly since the demise of US Memories, a proposed collaborative US industry venture to create a *large new D-Ram* manufacturing company. Last month, semiconductor industry leaders abandoned efforts to find help for US Memories from US computer manufacturers.

US government officials are said to be closely monitoring the D-Ram pricing situation and are poised to act if evidence of D-Ram dumping by is presented. The industry charges are reminiscent of the complaints that sparked off the semiconductor trade war between the US and Japan five years ago, which eventually led to the signing of a controversial US-Japanese semiconductor trade agreement in 1986.

Under that agreement's terms, the US Commerce Department calculates "fair market value" prices, based upon the cost of production, for each of the Japanese exporters of D-Rams.

The US-Japan agreement led, more recently, to a similar pact between the European Community and Japan. There are rumours within the US semi*conductor industry* that the EC may be preparing to act against Korea too. Korean chip makers are not bound by these bilateral agreements.

Over the past few years, however, Korea has dramatically increased its production of semiconductor chips and in particular D-Rams.

Total sales for the Korean semiconductor industry have risen from an estimated $860m (£518) in 1987 to $2.3bn last year and are continuing to grow at a rate of more then 100 per cent a year. "South Koreans are trying to accomplish in five years what it took the Japanese 20 years to achieve," says Mr William McClean of Integrated Circuit Engineering, a US-based market research firm. Samsung is the largest South Korean semiconductor producer, accounting for an estimated two-thirds of the country's output last year. Other major producers are Hyundai and Goldstar.

"The Koreans are bringing on excess (D-Ram production) capacity and intend to drive others out of the business," says Mr Joseph Parkinson, chairman of Micron Technology, one of the few remaining US D-Ram manufacturers.

The Korean manufacturers have built plants capable of producing 10 times as many *chips as their domestic customers* can use, Mr Parkinson contends. Most of the excess is aimed at the US market, he believes.

Micron Technology appears to be taking a leading role in pressing for US Government action against Korean D-Ram exporters. Texas Instruments, *the largest US D-Ram maker*, is also, however "concerned" about the Korean D-Ram pricing trend and is watching it closely, an official said.

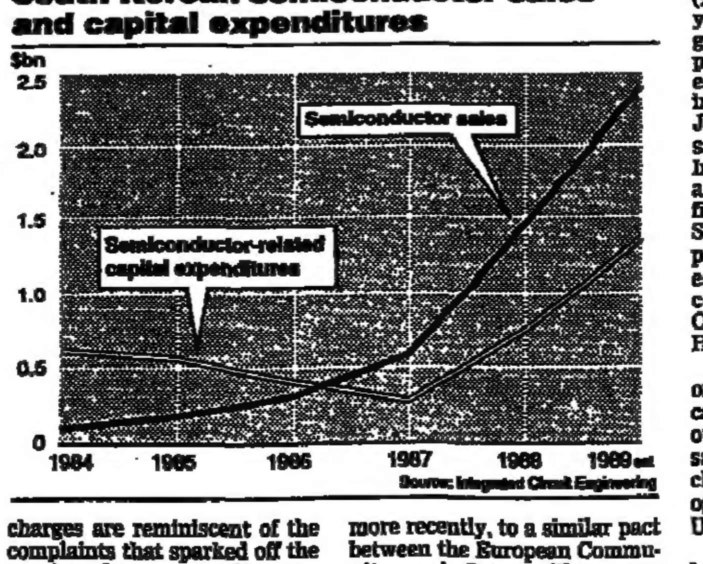
Similarly, Motorola, which re-entered the D-Ram market last year, said that it will "aggressively" protect its legal rights with regard to Korean D-Ram pricing.

According to industry researchers, Korean-made one-megabit D-Rams have recently been offered for sale in the US at prices close to $5 per unit, while prevailing prices for Japanese-made D-Rams are more than $8. It is widely held within the US semiconductor industry that Japanese D-Ram producers, who control more than 80 per cent of the world market, set pricing trends while Korean manufacturers consistently undercut Japanese prices.

Despite their concerns about the growing threat of Korean D-Ram manufacturers, US chip makers are carefully considering what, if any, action to take on the issue.

A major concern is that US computer and electronics manufacturers are unlikely to support a trade complaint that might raise memory chip prices. Also uncertain is how much support an industry complaint might win from the Bush Administration.

South Korean semiconductor sales and capital expenditures



Source: Integrated Circuit Engineering

Hewlett joins Tokyo concern in Puerto Rico

HEWLETT-PACKARD, the US computer and electronics manufacturer and Oki Electric Industry of Japan have agreed to build and jointly operate a printed-circuit-board manufacturing facility in Puerto Rico, Louise Kehoe reports from San Francisco.

Together, the companies will invest $40m to construct a 115,000-square-foot plant at HP's site in Aguadilla. HP's Puerto Rico operation will use the boards in its computer products. Oki's portion of the jointly manufactured PC boards will be sold on the open market. The plant is expected to employ 200 people.

Taiwan to relax mainland curbs

Taiwan is expected to relax import restrictions on cheap agricultural and industrial raw materials from China, the Board of Foreign Trade said, Reuter reports from Taipei.

The board is to discuss allowing imports of more than 80 Chinese materials, including petrochemical products, 50 of them this year.

Taiwan's estimated indirect trade with China through Hong Kong is put at a record high of about $3.5bn in 1989, up from $2.72bnin 1988.

Algeria awards gas plant contracts

Sonatrach, the Algerian state-owned energy company, says it has awarded contracts to three foreign groups to expand the capacity of its gas liquefaction installations and to renovate existing facilities, AP-DJ reports from Algiers.

The contracts call for audits and studies at three plants by Bechtel and Kellogg of the US and Sofregaz of France. The three plants at Arzew and Skikda handle nearly all of Algeria's annual gas liquefaction of 30.5bn cubic meters.

Soviet classnost

Marubeni Corp has formed a joint venture in Moscow with city authorities to set up a car and limousine rental service, Reuter reports from Tokyo. *The venture, capitalised at* roubles2.5m, is already operating.

Cement kiln set to reduce UK's imports burden

By Andrew Taylor, Construction Correspondent

CASTLE CEMENT yesterday announced plans for the first significant increase in Britain's cement manufacturing capacity since 1975, which promises to substantially reduce Britain's cement import bill.

The Scandinavian owned group, the UK's second largest cement manufacturer, plans to spend more than £100m to increase the capacity of its Padeswood plant at Clwyd, north Wales, from 500,000 tonnes to 1.5m tonnes a year.

The new kiln, planned to come on stream in three years time, would reduce Britain's cement import bill which has risen steeply since 1987.

Domestic manufacturers, following plant closures in the 1970s and early 1980s, were left with insufficient capacity when UK construction output rose sharply in 1987 and 1988.

British ministers concerned about a large increase in the country's trade deficit on building materials have been urging domestic manufacturers to increase capacity to meet rising demand from the construction industry.

Last year, imports accounted for approaching a fifth of all portland cement sales in Britain, according to Castle.

The group, one of only three cement manufacturers in the UK, estimated that British sales of portland cement increased by more than 5 per cent last year to about 17.6m tonnes, of which imports were estimated to have contributed more than 3m tonnes. The total capacity of British producers was about 14m tonnes a year.

Castle was acquired for £230m two years ago from RTZ Corporation, the mining group, by a joint venture of Aker, the Norwegian building materials and North Sea oil service group, and Euroc, the Swedish building materials company.

Castle says it accounts for about quarter of the UK market with Blue Circle, Britain's biggest cement manufacturer accounting for just over half.

Britain's trade deficit, which increased to a record £2.6bn in 1988, rose by £300m in the first nine months of last year. The value of cement imports increased by £466m to just over £1bn compared with the first nine months of 1988.

Mr Leslie Hewitt, Castle's managing director, forecast that UK cement sales would fall by up to 5 per cent as demand reduced.

He also said Castle would be announcing plans for a an cement import terminal at West Thurrock on the River Thames.

Touche wins appeal over auditors' duty

By David Waller

IN A decision which will be welcomed by UK accountants fearful of a tide of negligence litigation, the House of Lords yesterday ruled that auditors do not have a duty of care to individual shareholders or to potential investors when they preparing their audit report.

The decision, which follows a five year legal battle between Touche Ross, the accountancy firm, and Caparo Industries, is bound to widen the so-called "expectation gap" between what the business public expects of auditors and what the auditors believe to be their role when they certify a set of accounts.

Yesterday's judgment reverses an earlier ruling, in the Court of Appeal in July 1988, that threatened to broaden the scope of auditors' responsibilities. The court then ruled that auditors owed a duty of care to individual shareholders, including existing shareholders who made further purchases of shares in a company relying on audited accounts.

Lord Oliver of Alymerton ruled yesterday that it was wrong to "widen the scope of the duty to include loss caused to an individual by reliance on accounts for a purpose which they were not supplied and were not intended."

Yesterday's case is a preliminary issue to a claim for damages of £10m from Caparo against Touche over the firm's audit of Fidelity in 1984. Caparo won a takeover battle for Fidelity in 1984.

The decision is highly topical in that last month, Ferranti International sued Peat Marwick McLintock in the UK and the US over its role as auditor to International Signal & Control.

Ferranti is suing for damages arising from Ferranti's purchase of ISC in 1987.

Eurotunnel seeks advice on top jobs

By Andrew Taylor, Construction Correspondent

A US ARM of Coopers & Lybrand International, the accountants and management consultants, is understood to have been approached to see if it might advise over management changes proposed at Eurotunnel, the troubled Anglo French Channel tunnel group.

Eurotunnel is expected shortly to announce a new senior executive to manage the construction contract.

It also has been examining ways to reduce its management overheads by slimming operations which duplicate some of the work being done by the contractors.

Dr Martin Barnes, a London based partner of Coopers & Lybrand Deloitte, responsible for engineering project management consultancy, said last night that his firm had been approached.

The approach is understood to have been made in the US by Bechtel, the large US construction group, which has a number of its senior executives working with Eurotunnel as part of the construction management team.

Eurotunnel has been involved in a series of rows with its contractors over delays and the mounting cost of the project which has risen to more than £7bn compared with an original forecast of £4.8bn.

An agreement reached last month between Eurotunnel, the contractors and the group's lead bankers permits Eurotunnel to continue to build the project while additional finance is raised.

A letter to Mr Alastair Morton, Eurotunnel's joint chairman, from Mr Peter Costain chief executive of Costain one of the British contractors Eurotunnel's joint chairman said the construction companies: "would not have signed the agreement unless were it not clear that far-reaching senior management changes in Eurotunnel were irrevocably committed."

Prince of Wales: scheme based on his idea

Prince to unveil community youth project

By Alan Pike, Social Affairs Correspondent

DETAILED plans for a large-scale national programme to involve young people in community activity will be announced by the Prince of Wales in April.

When in full operation by the mid-1990s, the scheme is likely to involve up to 100,000 16-24 year olds each year in environmental, community care, educational and other forms of voluntary work.

Plans for the scheme are based on an idea first proposed by the Prince of Wales in 1984. The idea has been developed by the Prince's Trust, one of his personal charities, and the Commission on Citizenship, an all-party body appointed to examine the role of good citizenship by Mr Bernard Weatherill, Speaker of the House of Commons.

A consultation document containing outline proposals for the programme was published yesterday by the Policy Studies Institute, which has assisted in the research. The final scheme will be unveiled by the Prince of Wales in St James Palace on April 25.

The programme – which incorporates many features of the existing Prince's Trust Community Venture scheme – is aimed at attracting both employed and unemployed young people. It will offer them a range of experiences including participating in team-work, community projects and residential experience.

NEWS IN BRIEF

Poll shows British as financial muddlers

THE BRITISH are a nation of financial muddlers, most of whom do not know how much money they have in the bank or what their plans are for the next 10 years, according to a Gallup poll published yesterday.

The poll, commissioned by American Express, shows one in eight people admit to having little or no idea how much money they have in the bank. Nearly a third do not know what the basic rate of tax is. One in four do not know how much they save each month.

Three out of five people said their idea of saving was to put money in a building society, while 67 per cent seldom or never moved savings from one account to another to achieve a better rate of return. Nearly a third, 31 per cent, said they would rather spend than save.

Guy's reform vote

Staff at Guy's, the London teaching hospital, have voted 869-89 against becoming self-governing under the Government's health reforms in a trade union organised ballot.

Mint sales down

Confirmation that sales of the Royal Mint's bullion coin have fallen far below original forecasts was given yesterday in a report on the Mint by the National Audit Office.

Beer output cut

Beer production by UK brewers declined slightly last year, resuming the general downward trend that has marked the 1980s. The 1989 output of 36.67m bulk barrels was 0.2 per cent lower than the 36.75m barrels produced in 1988.

Long haul expansion

Inter European Airways, the wholly-owned subsidiary of Cardiff-based travel agent Aspro Holidays, takes delivery of a Boeing 757 next week in a move designed to develop its long-haul holiday business.

Labour warning

Mr Frank Dobson, Labour's energy spokesman, warned local businesses in England and Wales that they could face takeover bids by cash rich local electricity companies following their privatisation later this year. Mr Dobson said he had warned businessmen that the 12 electricity distribution companies, to be sold in the autumn for a third of their value, would become "predators loaded with money", out to "spy" on profitable businesses and "gobble them up".

Moulinex move

Moulinex, the French small domestic appliances manufacturer which bought Swan Housewares last year, is combining the UK marketing and administrative operations of the two brands. Each will retain a separate sales force.

Drugs trade grows

Britain's pharmaceutical industry registered a healthy 11 per cent gain in its trade surplus last year although imports rose at a higher rate than exports.

New world service

British Airways has signed a commercial agreement with Air New Zealand to link their services in Singapore, Hong Kong, Kuala Lumpur and Los Angeles. BA says this will create a new daily round-the-world service.

ICI waste plan

Imperial Chemical Industries plans to spend about £80m over the next five years on halving the amount of some types of waste materials it discharges into the River Tees at its large plants near Middlesbrough in north-east England.

Court TV plan

The Bar, the barristers' association, announced that it is to seek amendments to the Broadcasting Bill, opening the way for televising of the courts. In a report published last May the Bar called for a limited experiment allowing cameras into some courts following the success of similar pilot projects in America.

Law Lords rule Ward must repay £5.2m to Guinness

By Raymond Hughes, Law Courts Correspondent

MR TOM WARD, the US attorney fighting extradition to the UK to face criminal charges in the Guinness affair, has lost his final appeal against a civil court ruling that he must repay £5.2m to Guinness.

Five Law Lords yesterday rejected Mr Ward's challenge to the Court of Appeal's decision last May that Guinness was entitled to immediate judgment on its claim for the money without the case going to a full trial.

Mr Ward had contended that the £5.2m had been validly paid to him for valuable services he performed for Guinness during the takeover battle for Distillers in 1986.

He also contended that there was a dispute about the facts surrounding the payment that could be resolved only at a full trial.

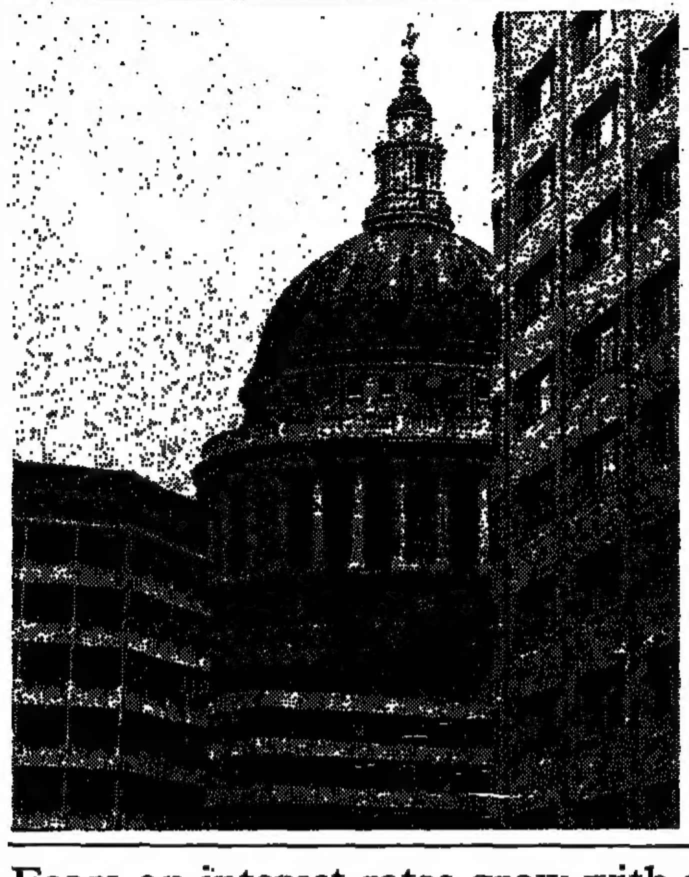
Last May the appeal court said that Mr Ward had received the money "in plain disregard of his duty" to Guinness; that the payment had not been disclosed to a meeting of the full Guinness board; and that it had therefore breached both the company's articles and the Companies Act.

Dismissing Mr Ward's appeal, Lord Templeman said in the House of Lords yesterday that Mr Ward had had no right to remuneration for his advice and services without the authority of the Guinness board.

There never had been a contract by Guinness to pay Mr Ward, a non-executive director, special remuneration for services rendered in connection with the bid for Distillers. Mr Ward had admitted that there had been no board authorisation. Guinness's claim for repayment was therefore unanswerable, Lord Templeman said.

The greater part of the £5.2m has been traced and is out of Mr Ward's hands. In July 1987, the High Court ordered the immediate repayment to Guinness of the $2,013,761 unspent balance and ordered Mr Ward to transfer to the company his rights in a $100,000 loan and a $320,000 investment he made out of the £5.2m, and his right to recover $4.7m paid in US federal and state taxes on the payment.

Following that order Guinness's lawyers said that when all those sums were gathered in Mr Ward would still owe it about £1m. There was a shortfall of about £500,000 and interest of about the same amount on the £5.2m and Mr Ward also had to pay Guinness's costs.



Mitsubishi Estate takes a £15m slice of Paternoster Square

By Paul Cheeseright, Property Correspondent

JAPANESE capital will be used to finance the redevelopment of Paternoster Square, the City of London office complex next to St Paul's Cathedral that has excited the interest, anger and enthusiasm of The Prince of Wales.

Greycoat, the British property group, and Park Tower Realty of New York yesterday announced that Mitsubishi Estate of Tokyo would join them as an equity partner in the ownership of the square and provide long-term finance for its redevelopment.

The redevelopment of Paternoster Square, a cheerless and windswept 1960s office quarter, could cost about £700m depending on the design. The site, because of its position, is one of the most prized in London.

The Prince, in his various pronouncements on the state of British architecture, has urged that the redevelopment of the square should be sympathetic to the grandeur of St Paul's. Widespread support for this view has meant that the selection of new plans has become a matter of great political delicacy.

The City Corporation of London will receive, this summer, a planning application to demolish the buildings on the 4.2 acres site and replace them. If approved, construction could start next year and be completed in late 1994.

Mitsubishi Estate, which has property holdings in New York and Tokyo, is buying its one third share in the Paternoster partnership for £15m. This is the amount that Greycoat and Park Tower put up in equity when, last October, they bought the square from Organizacion Diego Cisneros of Caracas for £158m. Their purchase ended three years of instability and uncertainty about its ownership.

Cisneros left £11m in Paternoster and the balance of £117m to complete the purchase price was provided by Swiss Bank Corporation in the form of a short-term loan.

The arrival of Mitsubishi with its commitment to long term financing means that the Swiss Bank loan can be retired and that Paternoster work can be concentrated on design and preparation for development. This would include obtaining vacant possession of the existing offices. Buying out leases may cost the developers about £50m.

Japanese capital has played an increasingly important role in the central London property market. As Japanese property investment has expanded out of the US and the Pacific region, more funds have been devoted to the purchase of office buildings and developments in European financial centres.

The Mitsubishi estate, Page 24

Fears on interest rates grow with plan for German monetary union

Bank urges firm stance in Budget

By Peter Norman, Economics Correspondent

THE Bank of England yesterday urged Mr John Major, the UK Chancellor of the Exchequer, to maintain a firm fiscal stance and prevent any relaxation in monetary conditions in his first Budget on March 20.

In its latest quarterly bulletin, the Bank said the downward trend in growth of domestic demand and output was firmly established in Britain and that it seemed inevitable that the economy would slow markedly this year.

However, it warned that inflationary risks persisted, most notably in the labour market, where wage settlements and average earnings were continuing to rise.

The Bank believes that combatting inflation should take priority over the fears of businesses about the possibility of economic slowdown and recession in determining economic policy in the UK.

At the very least, the Bank's published warnings yesterday suggested that it has told the Chancellor of the Exchequer that he should not make any discretionary moves to use the Government's large budget surplus to ease the tax burden in his Budget.

Instead, the Bank's bulletin stressed that the Government's counter inflationary efforts could be undermined by a further weakness in sterling.

It warned that a realignment of currencies in the European Monetary System, as advocated recently by the Bundesbank, the West German central bank, could raise inflationary pressures outside West Germany.

Although the pound's trade weighted value has gained 3.6 per cent from its low point at the end of last year, the Bank warned that renewed sterling weakness could result from a further tightening of monetary policy overseas or wage settlements in Britain staying high despite falling activity.

The Bank's concern about a possible fall in sterling has grown since the Bulletin went to press. This week's news that the West German Government is prepared to discuss currency union with East Germany has added to fears of an increase in West German interest rates that would create a high interest environment throughout Europe.

An increase in German rates would present the British authorities with the choice of following suit or risking a drop in sterling's value.

Monetary conditions in Britain are assessed by looking at a combination of interest rates, monetary aggregates and the exchange rate. A weaker pound does not necessarily prompt an automatic interest rate increase. After raising base rates by one percentage point to 15 per cent in October, the authorities left interest rates unchanged in November and December despite a 6 per cent drop in sterling's trade weighted value before its recent recovery.

However, it is less certain that Britain would be able to stand aside from a rise in official West German interest rates.

● In eastern Europe governments faced an "extraordinary economic challenge," but the pace of economic progress could be slow, Bank of England warned yesterday, adds Rachel Johnson.

East Germany was a special case. Because of its ties with West Germany, and relative industrial competence, major corporate investment could follow soon after a degree of economic reintegration.

Rehabilitating the infrastructure of the other countries in the area would require "considerable external financing." But commercial investors would need assurance that countries would quickly adopt measures to balance supply and demand and achieve a sharp reduction in inflation.

Consumer aspirations, inflated money supply, price and trade liberalisation could all generate a "political backlash and a policy reaction," the Bank said.

The amount of direct investment into eastern Europe would depend on the governments' success in setting up economies conducive to "enterprise and intitiative."

A European Bank for Reconstruction and Development, yet to be set up and capitalised, could lend up to Ecu2bn a year, the Bank suggested.

● In the UK gilts market adverse trading conditions dominated the last eight months of 1989, in which investors shed 14 per cent of stock still outstanding in the shrinking market for government securities.

Illiquidity was exacerbated by the Bank of England's purchase of £1bn of gilts, together with redemptions and net official purchases totalling £800m. In the last quarter of 1989, a total £1.8bn of gilts was taken from market hands, the Bank said yesterday.

Three market makers withdrew from gilts trading in the period, despite the Bank's efforts to keep the market active with a programme of stock conversions allowing investors to switch out of poorly-traded gilts into bigger, more liquid ones.

The rate of the Bank's buy-in programme has slowed markedly compared to the beginning of last year, when it withdrew almost £4bn from the market in one quarter.

When the Government moved into surplus in 1988, it bought gilts to neutralise the monetary impact of the surplus. The total of gilt-edged stock outstanding fell by nine per cent to £129bn at the end of 1989. The surplus, however, was quicker to diminish towards the year-end.

Other UK financial institutions – excluding banks and building societies – ran down their holdings of UK government securities by around £6.25bn in the first half of 1989.

Profits at BT beat forecasts with growth

By Hugo Dixon

TIGHTER CONTROLS on costs and continuing growth in the number of phone calls made in the UK contributed to a 11.6 per cent increase in British Telecom's pre-tax profits for the third quarter to the end of December 1989.

The profits of £895m, ahead of analysts' expectations, sent the company's share price 7p higher to close at 305p yesterday.

They also brought a barrage of criticism from Labour politicians who said BT was earning monopoly profits at the expense of its customers.

The company's turnover increased 10.5 per cent to £3.08bn despite the general slowdown in the UK economy. BT said this was partly the result of price increases introduced last September. The volume of inland calls grew by over 9 per cent and international calls by 12 per cent.

Operating costs increased by only 8.1 per cent to £2.26bn, a figure that impressed analysts and would have been smaller if BT had not acquired Tymnet, a US data communications business, last year. Staff costs increased only 3.2 per cent.

BT's interest charge increased by 65 per cent to £132m, largely a result of its acquisition last year of a 20 per cent stake in McCaw Cellular Communications for $1.4bn.

The company was able to cut its tax rate marginally from 35 per cent to 33 per cent. As a result, after-tax profits grew 15.4 per cent to £464m.

Lex: Page 22

Democrats meet in Berlin to discuss a free Europe

By Michael Cassell

WEST EUROPEAN social democratic leaders gathered in The People's Theatre, on East Berlin's Luxemburg-Strasse, to debate openly questions asked freely from an audience still in shock at the accelerating disillusion of the communist empire in Europe.

The 20 leaders included (left) Mr Neil Kinnock, the UK Labour Leader; Mr Wim Kok, of the Netherlands; Mr Hans-Jochen Vogel, the West German Social Democrat, and Mr Guy Spitaals, of Belgium.

Mr Kinnock spoke of "magnificent change," others quoted Willy Brandt's "democratic miracle" and there was much talk of the right to self-determination and what Mr Vogel called "a socialist fatherland, a free fatherland, a European fatherland and a united fatherland."

The leaders had crossed from the west where they are attending the 17th congress of the Confederation of Socialist Parties of the European Community.

WATER CHARGES

Proposal for 6.5% rise above inflation level over five years

Richard Evans looks at the deal struck between companies and the Environment Department and its impact on bills over the next ten years

WATER CHARGES imposed by the 29 statutory water companies in England and Wales are to be allowed to rise by an average of 6.5 per cent above the level of inflation over the next five years, according to government proposals in a Commons written reply.

The statutory companies supply water, but not sewage services, to about a quarter of the population of England and Wales. Their new charges are the result of a series of difficult negotiations with the Department of the Environment.

Mr David Trippier, the Environment Minister, said the rate of increase would be slowed over the following five years to an average of less than 2 per cent above the inflation level. Over the 10 years as a whole, the proposals represented average increases each year of only 23p, at current prices, on the monthly water bill, he said.

The actual charges limits, expressed as a figure known as the K factor, have been finalised in only eight cases, but there are firm proposals for a further 20 of the statutory companies. The remaining company, Mid-Sussex, expects its K factor to be announced soon.

Negotiations have been difficult because of the battle last year between the Government and the companies over the last price rise before privatisation. The companies insisted in many cases on increases of as much as 40 per cent to prepare themselves for the new regulatory regime that privatisation has brought, but that made them deeply unpopular with ministers. Although the statutory companies have always been in the private sector, the flotation of the 10 former regional water authorities in December has had a profound impact. The companies will also be subject to the new regulatory regime and they can also become public limited companies.

The K factor increases are on average slightly higher than the 5 per cent above the level of inflation awarded to the former authorities. That is to take account of the benefits the authorities gained from the massive debt write-offs and the £1bn "green dowry" given by the Government prior to privatisation.

In determining the K factors, the elements taken into account by the Government have been a company's future programme, its operating costs and its financing needs to the end of the century. Particular emphasis has been placed on improvements to drinking water quality and to augmenting supplies to avoid droughts in the future.

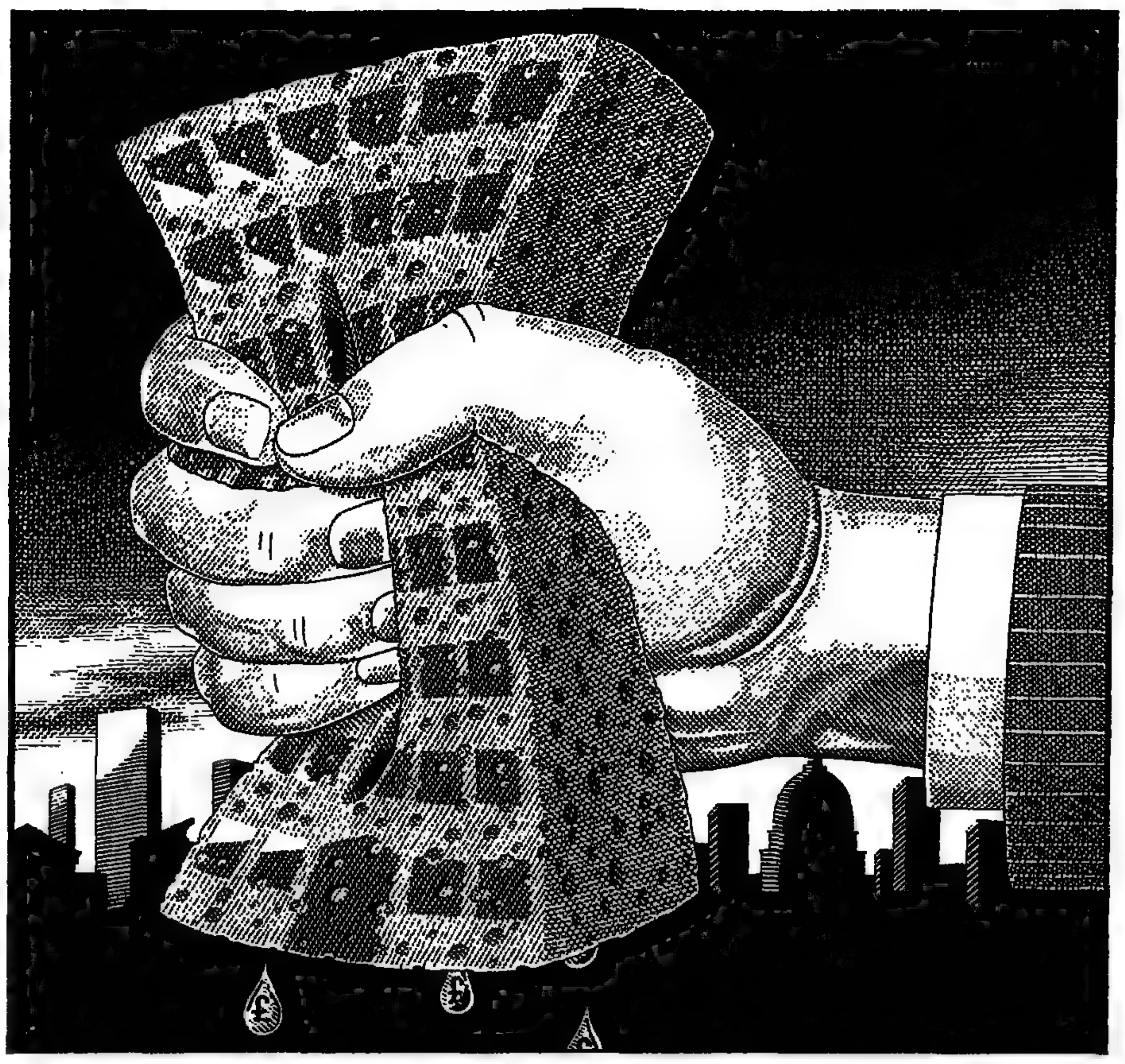
Price rises for 1990-91 range from 22.5 per cent for the tiny Tendring Hundred company and 20 per cent for West Kent to 3 per cent for York and 3.5 per cent for Hartlepool.

● North West Water, one of the 10 privatised authorities, announced yesterday it is to increase its charges by an average of 12.5 per cent to help pay for more than £400m of priority improvement schemes.

The increase is consistent with the company's K factor of 5 per cent agreed last August. The average weekly bill for water and sewage services will rise from £2.13p to £2.39p.

FINANCIAL TIMES SURVEY

New government policies, particularly high interest rates, have coincided with the downward phase of the industry's cycle. For the moment, says **Paul Cheeseright**, its confidence has drained. But infrastructural needs point to more encouraging long-term prospects.



PROPERTY REVIEW

CONTENTS

An untimely squeeze

UNCERTAINTY pervades the property market. Players have been obliged to accept that *automatic rises in rents and* capital values are a thing of the past. The heady rises of the past three years have become a memory.

Government economic policies have taken their toll. The progressive rise in interest charges, to a base rate of 15 per *cent, has squeezed the industry*, dampening demand for space in the short term and making more vulnerable the position of those who own and provide it.

The problem for the industry in many respects has been the timing. Dearer money is one *thing, if it is clear that the* pressure for space is sustained; it is quite another if that pressure for space is slackening.

The difficulty is that the economic squeeze has come at the most delicate point in the industry's cycle. Property has traditionally been cyclical, advancing in response to the demand for space, retreating when demand has been satisfied or, usually, over-satisfied. High demand has pushed up rents, making development financially more attractive. The rush to develop has presented space-users with more choice, bringing to an end the upward spiral in rents.

Property, it is now retrospectively clear, moved from its *upward to its downward phase* in the cycle around the New Year of 1989. The total return on all properties, measured on a yearly basis by the Investment Property Databank, reached a high point of 31.7 per cent in November and December 1988 and January 1989. It *then slithered downward, to* reach 19 per cent for the year to November 1989.

Returns – a function of capital value and rental growth – started to slide, coincidentally with the movement to higher interest rates, but not necessarily because of them. They *started to slide because the* process of development had been catching up with the demand.

Yet this generalisation covers geographical variations and differences between categories of properties.

While landlords may be *forced to offer concessions to* potential tenants, as an inducement to take space on the fringe of the City of London, the office market in regional centres like Newcastle and Edinburgh remains strong. Although Grosvenor Square Properties found it necessary *to mothball a shopping development in Nottingham, overall* rental growth in the retail sector was still continuing at the end of 1989. NMC Estates is offering interest-rate subsidies to buyers of industrial-warehouse units in Kent, but Berkeley de Veer intends to start construction of just such units *as part of a larger mixed-use* development at Livingston.

The short-term movements, then, are confusing. And one reason for this is that the immediate factors which bear down on the market – for the most part bearish in tone – are in conflict with longer-term trends. *The Government may have problems with inflation* and the balance of payments, but the fabric of the UK is still in need of renewal.

The most obvious of the immediate factors is the high level of interest rates. They bear down on development companies, exposing those *which have bought their sites* too expensively and too optimistically. That makes the lending banks more cautious, and reduces the flow of finance. At the same time, the high interest rates sap investment plans and make companies more cautious about tak*ing new space at a time when they can probably afford to* wait because there is more of it about anyway.

But the short-term pressures spread wider. Somewhat belatedly, many users of business accommodation have been awakened to the extra costs of space by the uniform business *rate, which comes into effect* on April 1. There is much huffing and puffing about this, despite the presence of the writing on the wall during the last two years.

Higher accommodation costs, for the most part, are easily absorbed when expan*sion is in the air, when order books are full and when the* tills are ringing in the shops. But if, as is the case, manufacturing investment is being reduced, predictions of sales are down and shopkeepers are finding their margins cut, then higher accommodation costs are a bearish factor.

Moreover, the property industry is still seeking to assess the impact of the imposition of value added tax on construction and commercial property transactions. When the tax can simply be passed down the chain – where the property companies are a link *in the middle – there is no* problem. But where the chain stops – for example, with a *financial institution which* refuses to have the VAT passed to it because it cannot pass it on – there is likely to be a reduction in the property company's margins.

Equally difficult to assess is the apparent change in planning attitudes since Mr Chris Patten became the Environment Secretary. While there is less pressure on him to approve, say, out-of-town shopping centres, there has been no slackening of demand from the housebuilders for land on which to build new communities.

Planning policy under Mr Nicholas Ridley, Mr Patten's predecessor, was to favour development unless there was a good reason to stop it. But now there appears to be a much greater sensitivity to environmental concerns – and the likely Conservative vote in the shires – coupled with a greater readiness to heed the views of local communities. The upshot is that the property industry is less likely to have the free run that it appeared to enjoy between 1986 and 1988.

Bringing all these factors together, there has been a draining of confidence in the property sector. This has been most clearly reflected in the colourless performance of property shares on the stockmarket, where the FT-Actuaries Property Share Index began the year only slightly higher than it had been a year before.

The stockmarket has clipped the values of the property companies. It has put the investment companies on discounts of up to 40 per cent of their net asset value, and the development or trading companies on lowly price-earnings ratios, between 3.5 and 10. The way *has been opened up to mergers* and a realignment in the sector.

Such a process may, in any case, be encouraged by banks, with nearly £30bn outstanding to property companies. Seeing their borrowers weighed down with high interest charges, oppressed *by rising building* costs and depressed by a slower letting market, they are encouraging more joint ventures, banding the weak together.

For there is no doubt that the short-term difficulties in the industry will leave the *strong stronger*. Those with a strong balance sheet and a steady nerve, able to ride out *the immediate economic and* sectoral pressures, can expect enhanced values from the progressive renovation of the property stock and the more stringent demands of those who use it.

This applies even to the residential sector. Although the level of business has dropped and prices have fallen away, it is now generally accepted that underlying demand, both from first-time buyers and from those scaling up the standards of living, remains strong. The demand will emerge once the economic squeeze has relaxed and greater equilibrium has appeared in the market.

The need for renovation in the commercial sector has already become apparent. The wave of construction in the retail sector reflects not only the presence of more disposable income and an increasingly car-borne population but also a demand for more agreeable facilities. There is no reason to suppose that these pressures will dissipate in the 1990s.

Nor will short-term problems in the industry interrupt for long the rehousing of the white-collar sector in facilities capable of coping with the revolution of the electronic office. As Jones Lang Wootton, chartered surveyors, has noted, three quarters of the central London office stock of 155m sq ft was built before 1980, and is unsuited to the modern requirements *of information* technology, such as air conditioning. The situation in the regions is no better.

In the same way, the shifting balance in the manufacturing sector has set off a demand for new types of accommodation. What was suitable for heavy *engineering in the early part of* the century is less satisfactory for light, highly mechanised industry.

These are some of the infrastructural needs that, in time, the property industry will be required to meet. Those who can stay in the game will ulti*mately become richer. Those* who await relief from the immediate problems will face a difficult few months; but, if they are lucky and the Government has its policies right, then confidence might start to seep back into the property sector towards the end of the year.

PROPERTY REVIEW 2

ECONOMIC OVERVIEW: a lack of confidence is particularly evident in the property and construction sectors, says **Simon Holberton**

Life with the boom's legacy

THE BRITISH economy has entered 1990 in its most uncertain state for more than five years. It will almost certainly suffer a year of subdued, or possibly no, growth, and next year may be no better.

Growth in the output of manufacturing industry has been flat for the past six months. Consumer demand, as measured by growth in the volume of retail sales, has been weak though still positive.

Surveys of industrialists' and consumer confidence indicate that even slower growth is in prospect. Recent survey data from the Confederation of British Industry suggests little or no future expansion in investment by British industry this year. Consumer confidence surveys indicate that sentiment is at an all-time low, and consistent with a fall in consumer spending some time in the first half of this year.

These more general trends in sentiment are seen in higher relief in the property and construction sectors, regarded by many economists as good advance indicators of future trends in economic activity.

In the period from July to September last year, total orders received by contractors for new construction work were 9 per cent lower than in the preceding three months and 3 per cent down on the same period in 1988.

House-building has suffered more. In the three months ending November 1989, housing starts were 31 per cent down on the preceding three-month period and 5 per cent lower than the same period in 1988.

To some extent, these are "encouraging" signs for policymakers at the Treasury and the Bank of England. The rationale behind last year's hike in interest rates to 15 per cent was to dampen the excess demand in the economy that had developed in the 1987-88 Lawson boom.

The economy is still living with the legacy of that boom, the proportions of which were greater than the economy had ever experienced before. In the five years 1984-88, consumer spending grew at a rate in excess of any other five-year period in recorded British economic history. Investment spending also grew raidly.

This excess demand, both consumer and corporate, spilled over into imports, the growth of which produced a £20bn trade deficit last year. This deficit is expected to improve to around £15bn this year, but at that level its proportions, at about 3 per cent of gross domestic product, are still substantial.

But the boom also produced inflation. Price rises may have peaked at 8.3 per cent last summer, but the after-glow of inflation is likely to burn bright for the rest of this year, and maybe longer. Mr John Major, the Chancellor, is on record as saying that the inflation rate will still be around 7 per cent until the middle of the year; few independent forecasters think the Government will succeed in getting it much below 6 per cent by the end of the year.

Again, the reason is the boom and its aftermath. Significant inflationary pressures are still be exerted by the labour market. It is one of the last indicators to react to a slowdown in the economy. For the past six months, unemployment has been falling, even though there has been little or no growth in output. It is this continued growth in employment that is fuelling demands for higher pay settlements.

Pressures for higher pay are being felt not only in the private sector (notably in the Ford dispute) but also in the public sector where ambulance workers have agitated for higher pay. The more pay settlements that are struck above 10 per cent, the longer it will take for the UK to reduce its inflation rate, and the greater will be the likelihood of a recession and rising unemployment.

More important, however, is the underlying rate of inflation. As Mr Major's predecessor, Mr Nigel Lawson, was fond of pointing out, Britain's recorded inflation rate is distorted by the inclusion of mortgage interest payments and property prices. Excluding those effects, the UK's rate of inflation is 6.2 per cent – 1 to 1.5 percentage points above the level of the mid 1980s. With the current trend in pay settlements, little improvement seems in prospect.

Of prime importance to industry, especially the highly leveraged property industry, is the future course of interest rates. The signs are gloomy. With inflationary pressures in Britain still high, and possibly rising, there is little prospect that the Government will ease its tight monetary stance before the summer, at the earliest.

The need for the Government to make good its rhetoric on not accommodating inflationary pay settlements, with an easier policy stance, will make 15 per cent bank base rates a feature of financial life for most of this year.

Many independent economists do not expect the Government to relax its policy of high interest rates until the summer, and then only gradually. Some optimists think interest rates could be as low as 11 per cent by year end, but the consensus does not expect to see them lower than 12.5 per cent or 13 per cent.

To sum up... 1990 is likely to be a year a slow growth, with the risk that Britain will enter a mild recession. As the economy slows, the trade deficit will narrow; but the pressure being exerted by the labour market means that there will be little improvement in the inflation outlook. Interest rates are not expected to fall substantially, and when they do the reductions are expected to take place towards the end of the year.

Different localities and types of property vary in their performance. **David Lawson** examines the main sectors

Gimmicks are out

SALES had an extra note of hysteria this year. Haunted by the twin spectres of soaring business rates and slower spending growth, many retailers are extracting every penny they can from customers, in what they fear could be the last binge until interest rates come down again.

The sector faces a hard time in 1990. City analysts sulked over an unexpected surge in consumer spending up to Christmas, and implied that anti-inflationary government policies would need to be tightened. But retailers were more concerned about the fact that overall sales had crept up by merely 1.2 per cent in the last quarter of 1989, compared with the previous year, and that the prospects for this year looked even gloomier.

RETAIL

Some developers are already running scared, in expectation of a hard time that will justify rental growth. Grosvenor Square Properties has stopped work half-way through its 70,000sq ft Angel Place development in Nottingham, according to J.Trevor & Sons, which also warns that small retailers will be driven out of the city centre by increased business rates.

But are things as black as they seem? Certainly, the white goods and DIY sectors look shaky. When the last retail slump struck, 10 years ago, it hit the lowest earners; this time it is the mortgage-payers who have been pole-axed, says Mike Ringer, at Jones Lang Wootton. Carpet and fridge-buying expeditions are declining, dragging down the prospects for retail warehouses and poorly-managed electrical chains.

Yet prime central shops were still attracting multiple bids at rents at least 10 per cent above previous records in the run-up to the new year, according to Bill Quarry, at Strutt & Parker. This indicates that the right property is still in great demand, and suggests that there will be no universal disaster in 1990. Household and electrical shops formed less than 15 per cent of the whole sector, so their pain should not be generalised, he says.

On the other side of the coin, foodstores face a far less frightening year, because people still eat even in a recession. Tesco is understood to have paid £5m an acre for a Guildford site recently.

Perhaps the only valid generalisation in such a complex market is that the weak could go to the wall in 1990 – this would include poor profit-earners and perhaps some badly-planned shopping centres. But well-located high street property should weather the storm, while powerful store groups will cut away their dead wood. Grimley J.R.Eve forecasts a stream of disposals as multiples prune secondary units.

Town centres may be reopened to locals and specialists, who have complained for years about being shut out by silly property prices. This echoes the view of George Davies, the far-sighted retailer who transformed Next into a household name. He forecasts a long-term migration of multiples out of town centres, leaving them to high-margin specialists.

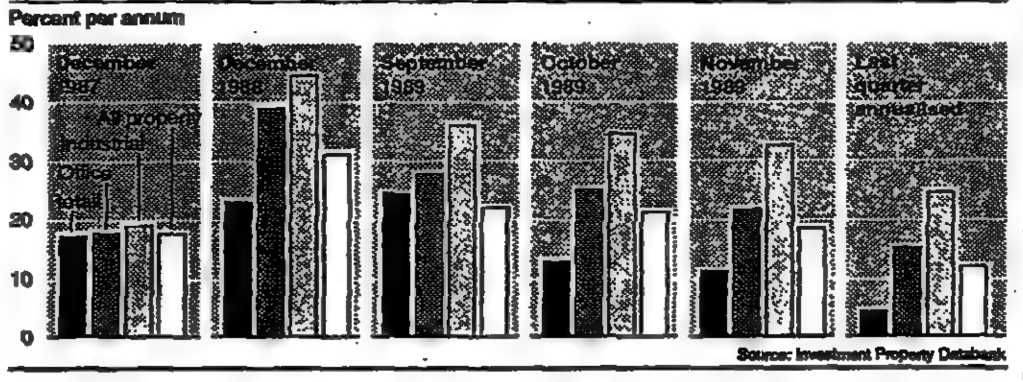
This transformation is more likely to take a decade than a single year, but 1990's stagnation could throw up the first signs of a basic restructuring as the sector shakes out.

Other trends to watch out for are better management and marketing techniques, says Mr Ringer. Short leases, turnover rents and clever promotions will be belatedly accepted by landlords, as competition between new centres hots up.

"Developers must be more adventurous," says Charles Varah, of Edward Erdman. They may need to offer virtually fitted-out units and accept independent and local retailers. Leisure facilities will become a necessity, rather than an added perk, for out-of-town centres.

Perhaps 1990 will be the year when developers accept that gimmicks cannot cover up basic flaws in location or design. Tenants are already demanding fewer waterfalls and more single-level parking, particularly as store groups take a more direct part in planning the centres they dominate. The prettiest shopping centres may not be the most successful this year, no matter how many prizes they win.

Investment trends: total return



Source: Investment Property Databank

Seams of optimism

JUST WHEN the humble shed seemed ready to make a comeback, the Chancellor moved the goalposts.

Industrial property was set to race into the new decade well ahead of more glamorous office and retail investments, as high returns reflected a sustained recovery from years of inactivity. But high interest rates are taking their toll.

Growth in manufacturing investment may fall to 1 per cent this year, compared with 9 per cent in 1989. This will take some gloss off the market, as property is always the first to suffer cuts. Gloomy retailers will also have an impact, as their distribution and warehousing centres normally take a large slice of the market.

INDUSTRIAL

In 1990, some developers may struggle to cope with land bought at the top of the cycle. Fourteen acres in Hertfordshire went for a reputed £1.2m an acre a few months ago. That would demand rents of £10.50 a square foot, according to John Organ, of Healey & Baker. Values have reached £10 around the west M25 and touched £14 at Heathrow, but higher levels are mostly associated with the new business use class (B1), more office than factory.

The laws of economics will ensure that rising supply dampens rents. The authoritative King & Co floorspace survey is likely to show that the pool of unlet buildings has swelled by around 2m sq ft to some 76m sq ft since August – a worrying trend after a long period of decline.

Yet there are some encouraging signs. Industry has still not satisfied its needs in areas such as the north-west, according to Bob Thompson, at King & Co. Developments close to good communication links should also perform reasonably in 1990. John Haewood, at Debenham Tewson & Chinnocks, points out that £13 a square foot was recently achieved in Slough. Ronnie Nathan, now working up Waterglade's 60-acre M25 industrial park, east of London, is optimistic enough to to predict a 10 per cent uplift in prime rents this year. If he is correct, it will be interesting to see whether B1 sites are switched back to traditional uses rather than left to accumulate high interest costs.

One problem is that hope may exceed achievement in a deceptively thin market. Even with buoyant demand, if one buyer pulls out of a deal others may not be waiting in the wings, says Mr Haewood.

One trend that should become more obvious this year is a drift to the north, as companies look for cheaper accommodation. The new business rate will favour most forms of industry, but help the provinces in particular. New communication links could also prove to be clustering points for new schemes. The M40 extension and the Channel Tunnel access are already under careful study. With 1992 close, Kent will fall within the "golden triangle" of northern Europe, and parts will come under pressure from overseas distributors.

This could herald a more advanced form of industrial development, along the lines of integrated business parks, where servicing and the quality of buildings are taken seriously.

The secret will be to strike a balance between provision of basic sheds and more sophisticated structures and site layouts. Traditional users will not necessarily revert to the "cheap-and-cheerful" estates of yesterday, preferring mixed-use schemes and buildings more personalised to their needs. But if developers edge too close to business parks in their search for higher returns, many of their potential tenants may walk away.

Out of London . . .

THE PENDULUM has swung away from the booming south-east and into the provinces over the past year, as economic growth has rippled outwards. Its momentum should continue through 1990, as London's gilt tarnishes, giving regional centres their first sustained successes for years.

Relocation is a buzzword again, as a record number of companies flee a congested and sometimes overpriced capital. Jones Lang Wootton predicts that 23 will leave this year, taking more than 8,000 jobs, and that an even larger number will tear up roots in 1991.

OFFICES

Most still confine their ambitions to the south-east, but there is a growing tendency to move farther away. Government departments are leading the exodus, with moves planned to Belfast, Wales, Leeds and Newcastle.

Higher business rates in the south may kick more companies into action, particularly if these come on top of rent reviews which will reflect huge growth in occupation costs over the past five years. But money will not be the main reason for moving.

"It is not so much rent savings as the difficulties of attracting workers around London, where house prices are high and transport is overloaded," says Mr Peter Evans, of Edward Erdman. "Quality of life is on everyone's mind, and this will be a driving force through 1990."

Relocation alone would be insufficient to revive regional centres if they were still suffering the problems that were common earlier in the decade. But the moves coincide with a rejuvenation of local economic fortunes, which have eaten away the surplus office space left from the last boom. Leeds, for instance, is generating enough of its own demand to dwarf the impact of the Department of Health's planned arrival.

The rapid increase in prime rents, to peaks of £20 a square foot in major centres like Birmingham, Leeds and Bristol, is unlikely to continue at this pace. But the Midlands, the north and South Wales should stay top of the growth table as they go through their strongest surge of demand for two decades, says Simon Holley, at Debenham Tewson & Chinnocks.

One cloud on the horizon is a herd of potential white elephants, advancing just as general economic activity slows. Leeds has the equivalent of 10 years' supply in the pipeline, and both Edinburgh and Glasgow would be overwhelmed if take-up stagnated. This year may prove to be a test of nerve, which can only be judged in 1991-92. Developers will want a product that they can offer to both investors and relocators, but any miscalculation could see a return to the bad old days of see-through buildings swamping local markets.

The most interesting testing grounds could be second-string towns, like Nottingham and Derby, according to Mr Evans. Having made the decision to seek a better life quality, relocators may go the whole hog, and settle for smaller centres that they would not have contemplated a couple of years ago.

Business parks may provide an alternative, but Guy Duckworth, at Healey & Baker, notes that this drive for a better lifestyle is reducing enthu-

Continued on next page

RESIDENTIAL

Pause in sales hides demand

MOST OF the "housing slump" headlines of the past year have concentrated on reports of falling prices. But the real yardstick of residential market activity – and the cause for most concern among housebuilders and estate agencies – has been the number of sales.

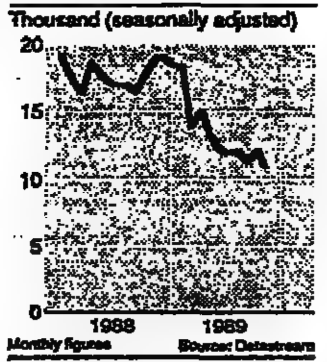
At the start of this year, achieved sale prices are down by as much as 20 per cent from their peak in the spring of 1988. However, on the basis of estate agency figures, sales volume has been running as much as 40 to 50 per cent below what was, admittedly, an exceptionally high level of house trading in 1988.

Owners who have not *had* to sell have withdrawn from the market. That has left those who do – including the residential developers and housebuilders with schemes too far advanced to be postponed – to compete for the deposit cheques of prospective buyers who have not been priced out of the market by interest rate rises, or deterred from making a move until it is clear that there are no more price shocks in store.

Unlike the last two periods when the housing market went into neutral after several successive years of hectic activity, those price shocks have been sufficient to force a reversal in money values.

In some of the normally most active housing markets – in the south-east of England, in East Anglia, and in parts of the Midlands – achieved sale prices are lower than they were before the market peaked 18 months ago.

UK housebuilding starts: private sector



Any attempt to extrapolate the past year's performance would undermine half a century's accumulated public confidence in the security of residential property as an investment. But forecasts based on such an exceptional combination of negative events *would be patently absurd*. Hence the otherwise equally hard to justify element of cautious optimism about the market.

Those exceptional factors include the sudden virtual disappearance of first-time buyers from the market. As the mortgage-lending figures confirm, a high proportion of the first-timers who might have been expected to enter the market last year brought forward their move, to join the race to complete joint-purchases before the autumn 1988 end to multiple mortgage tax relief.

After that, swift, sharp interest rate rises – atop a market overheated to the extent that the Halifax Building Society's housing index showed a record average price rise nationally of just over 34 per cent for 1988 as a whole – effectively credit-squeezed these buyers out of a market.

Without fresh buyers to prime the trading-up process throughout the property price ranges, the market was bound to slow to a hesitant crawl. Given the coincidence of timing of the mortgage-relief deadline and the rate rises, that withdrawal from the market was more sudden and more *complete than in any previous* market dip.

Looking ahead, the housing research team at the Halifax dismisses the critical danger that the experience of the past 18 months might shake public confidence in home buying: "We do not agree with the more pessimistic commentators on the housing market. We believe that they are excessively influenced by the short-term problems that the market is facing."

Far from expecting any long-term reaction to the price and volume sales slide, the Halifax, in common with most of the more reflective housing analysts, takes the view that pressure for home ownership remains as strong as ever, and that 1989 represents a deferral of that demand.

The age and earnings profile of the population suggests a continued progressive increase in the level of owner-occupation in Britain, from its current 68.3 per cent to around 75 per cent by the century's end. Demand is expected to be boosted by the decline in the size of the average independent household, caused by earlier buying, divorce and increased longevity.

The forecast increase in the number of households counters the otherwise neutral effect of only a marginal increase in the size of the UK population as a whole in the next decade. Overall, the figures suggest a minimum need for an additional 200,000 homes a year for each of the next 10 years at least – a figure substantially above the probable completion rate this year, as builders have reacted to the silence in the market by axing development plans.

There are as many opinions about what it will take to release the pent-up demand for housing and restore sales volumes as there are housing market forecasters. Insofar as there is consensus, it is that the first hard evidence that domestic interest rates have reached their peak, and are starting to head down towards election year, will be sufficient to bring buyers and vendors back into the market.

Real price cuts on one side of the equation, and wage rises on the other, have already brought the ratio of average house prices to earnings down from a peak of 5 at the beginning of 1989 to around 4.7 now.

To attract the first-timers back into the market, that increased general affordability of homes has been given additional help by the expanded range of "soft entry" mortgages, offering deferred and discounted home-loan rates. Any early cut in loan rates on top of these changes could bring buyers back with much the same speed as they disappeared 18 months ago.

It is a moot point whether the recovery in sales activity will occur later this year, on evidence that loan rates have peaked, or whether it will be deferred until 1991. Either way, the underlying demand atop a still restricted supply of new homes suggests a return to the level of sales, and to the above-inflation rate level of residential price increases, which forms the trend beneath the market's periodic ebbs and flows of the past three decades.

John Brennan

PLANNING

Mr Patten hears the local voice

A QUIET transformation in the Government's town and country planning policy has been taking place over the last six months, since the departure of Mr Nicholas Ridley as environment secretary and the arrival of Mr Chris Patten.

The special "presumption in favour of housing development", which was the main plank of the new Conservative government's policy in 1980, has been dropped.

Instead, Mr Patten is emphasising the need for the planning system to achieve balanced development which takes account of environmental needs. He wants planning authorities and local communities to have a strong voice in the type of development that takes place.

In the 1980s there were new economic and political pressures for the use of open countryside for industrial, commercial and housing development. The flow of population from the cities put heavy pressure on rural communities.

But now the explosion of public interest in the environment and political pressures against over-development in south-east England have forced the Government to modify its original planning philosophy.

This change was made clear by Mr Patten when he issued new draft planning guidance last autumn, saying that the Government was "not in the business of sacrificing environmental quality to sheer housing numbers".

A few days later he abandoned Mr Ridley's proposals for a relaxation in planning controls which would have exempted landowners from obtaining planning permission on a range of non-farming activities.

Another sign of change was the non-appearance of the planning bill that was to have been introduced in the present session of parliament following the publication of a white paper last spring.

The main proposal in the white paper was the abolition of county structure plans which enable county councils to lay down the overall planning strategy within their areas. The intention was to place the main planning responsibility on the local district councils.

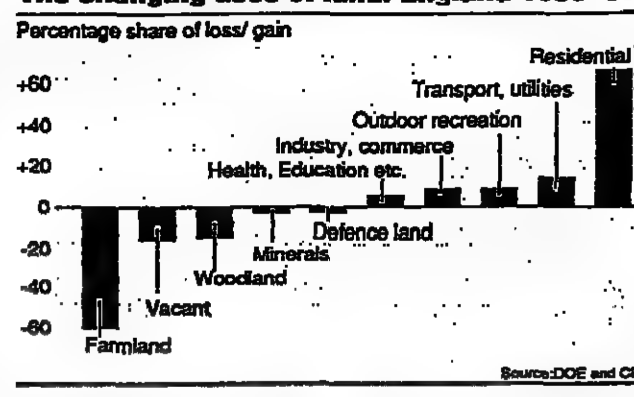
The proposal were greeted with horror by environmental organisations such as the Council for the Protection of Rural England (CPRE) which saw them as a recipe for chaos.

Now the white paper seems to have been pigeon-holed and left to gather dust.

All this has led to considerable uncertainty about the future of the planning system.

The building industry sees the construction of new country towns as a practical way of meeting the demand for new homes, particularly in the overcrowded south-east. It argues that large private-sector developments of this kind can provide attractive dwellings in a well-designed setting as an alternative to piecemeal development in existing towns and villages. In addition, the developers invest heavily in infrastructure such as roads and community centres.

The changing uses of land: England 1985–87



The Town and Country Planning Association favours the new-town concept, but it is strongly opposed by the CPRE.

Consortium Developments, representing 10 leading construction companies, has plans for a series of new towns, but three have been rejected so far. These were for Tillingham Hall, near Grays, Essex; Stone Basset, in East Oxfordshire; and, most recently, for a new town of 4,800 houses at Foxley Wood, Bramshill, in the Hampshire countryside.

Rejecting Foxley Wood, Mr Patten gave a strong indication that local authorities and residents should have the biggest say in whether such developments are acceptable in their areas.

However, he emphasised that he was not dismissing the new towns in principle: local authorities should give them serious consideration, and he saw no objection so long as they were well located and relieved development pressures elsewhere.

Local choice was also emphasised by Mr Patten in a guidance note. He said that most of the important choices should be made locally, "to reflect the values which local communities place on their surroundings".

The Government recognises that there will be a big demand for new houses in the coming decade. It estimates that there will be 2m more people in England in the year 2001 than there were in 1986.

Serplan, the south-east regional planning conference of local authorities, proposed that, for the next decade, 57,000 new homes should be provided each year within London and the rest of the south-east. This is slower than the annual rate of 65,000 new homes between 1984 and 1988.

The overall allocations are broken down by county. For instance, the estimated requirement for Surrey over the next 10 years is 26,000 new homes, and for Kent 55,000. The Government thinks these targets are realistic and does not want them frustrated by nimbyism – the "not in my backyard" syndrome.

It points out that, in recent years, 60 per cent of new houses have been built in urban areas and nearly 40 per cent on the fringe of existing settlements. The Government sees this as proof that it is possible to accommodate new homes without threatening the green belts or attractive rural landscapes.

The CPRE is optimistic that Mr Patten believes in a strong planning system, and says: "Deregulation of planning is off the agenda and words like 'control', 'intervention' and 'quality of life' are circulating in Westminster."

On the other hand, the House Builders Federation, while welcoming Mr Patten's recognition of the need for new houses, believes that present development plans are insufficient and will only reinforce the shortage of houses and land in the 1990s.

It is dubious about the enhanced role he is giving to local authorities to respond to housing need, and predicts that they will fail to provide the homes that are required.

John Hunt

. . . into the regions

Continued from previous page

siasm among tenants for more isolated locations, away from town-centre shops and entertainments.

London, meanwhile, will be the curate's egg: the good parts, such as the West End core, will be very good, as supply continues to ease. But rents are bound to be hit by business rate changes and the softening economy, so values seem likely to consolidate at around £65 a square foot, rather than zoom past last year's record £71.

The City is coming to terms with the fact that supply will balloon by 10m sq ft this year, keeping prime rents static at £60-65 a square foot. The fringes look very fragile. Even if asking prices are maintained, incentives will increase, cutting real values.

Most vulnerable of all are poorly-built, or badly located, buildings. Tenants have never been more powerful in their choice of what to choose, and they certainly won't pay through the nose for poor second-hand space. As City fringe and secondary rents fall, Docklands must follow. Under-the-counter incentives will be the order of the year, with Olympia & York setting the tone by using its financial muscle to ease more tenants into Canary Wharf as the Isle of Dogs faces a surge of new space by 1992.

Such broad-brush prophecies hide a multitude of anomalies. In the City, for instance, buildings of 50,000sq ft will remain in short supply through 1990, according to Mr Colin Hargreaves, at Healey & Baker. Some provincial centres will also go through temporary shortages. The game of bluff and counter-bluff between tenant and landlord will become much more skilled, as each tries guess which way markets are moving.

FINANCE: **Paul Cheeseright** analyses a period of uncertainty

Lenders will continue to be wary

THE ATTITUDES of the banks and investing institutions to the property market reflects the way in which government economic measures have succeeded in cooling the economy.

The domestic institutions, in any case, had been cautious about property right through the period of exceptionally high returns, often preferring to sell into a rising market rather than make fresh investments. *It does not seem likely* that such caution will be thrown to the winds as the market slides from its peak.

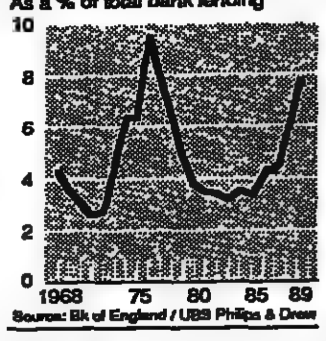
The banks, having stepped into the shoes of the institutions as the major source of development finance, for the last year have taken a more stringent attitude towards the projects on which they are prepared to lend. They will scarcely do less over the coming months.

The difficulty for both is the absence of a definite trend. While it is clear from all the indices that the peak of high returns was reached at the start of 1989 – when, averaged out over all property, the yearly figure came to over 30 per cent – it is not obvious whether the market is pausing for breath or steadying itself for a period of dullness.

Much depends on the economy, but the situation has now been reached where property may be less attractive to hold than cash. And, as always, it remains a lumpy investment. More than that, the speed of rental growth is slowing in most areas and has flattened out in others. This will eventually feed through into capital values, affecting the level of total return.

Bank lending to property companies

As a % of total bank lending



Source: Bk of England / UBS Phillips & Drew

All this exacerbates the uncertainty, and underlines the *risks* of both investment and financing decisions.

The latest official figures for institutional property investment are for the 1989 third quarter, when net investment was £441m following a net disinvestment in the second quarter of £225m. The figures do not suggest either a surge of buying or a wave of selling; if anything, they suggest, apart from the activities of the traditionally property-prone funds, little interest in the market.

Supporting this notion is the fact that the pension funds have not been very visible players. Nor has there been a strong flow of funds into property unit trusts. Most of the activity has come from the life offices. The only factor that might change this lack of interest would be if properties became so cheap as to be irresistible.

Certainly, yields have been drifting outwards, but there is no evidence that the institutions are standing ready with a pot of money to pour over the sector. Rather, the presence of foreign investors in the market continues to provide opportunities to sell. *For those such as* Prudential, Norwich Union, BP Pension Fund and Postel there are plenty of opportunities to extract extra value within existing portfolios, without going out into the market for new stock.

Some of the slack left in the market by the institutions has been taken up by foreign buying. *There has been Japanese* activity at the top end of the market, and Scandinavian, Dutch and, to a lesser degree, Middle East and US activity lower down.

Such activity stiffens the market *but does not sustain it*, and there is no doubt that it has become increasingly difficult to sell property. It is at this point that any problems associated with bank lending swim into perspective.

There was a surge in lending as banks competed to lend into a sector which was showing fast growth. But as the sector peaked, the banks became more cautious. Even before this, caution had showed up in the official statistics: banks were not only examining development proposals with a more jaundiced view but, in some cases, were pushing out lending *margins and demanding* higher fees.

The institutions: net property investment (£m)

1984	Q1	378
	Q2	451
	Q3	377
	Q4	444
1985	Q1	310
	Q2	355
	Q3	322
	Q4	337
1986	Q1	238
	Q2	129
	Q3	438
	Q4	419
1987	Q1	17
	Q2	137
	Q3	100
	Q4	729
1988	Q1	234
	Q2	533
	Q3	436
	Q4	446
1989	Q1	679
	Q2	-270
	Q3	441

Source: CSO

By last summer, bank lending to property companies had reached nearly £30bn, a figure three times that of February 1987, but the speed of the increase had slackened. The state of the economy and the pressure on the market mean the slowdown will continue. If it is not clear that development properties can be sold on completion, or that companies have the financial resilience at a time of high interest rates to hold investment properties, banks will not find it worth their while to lend.

At they same time, they will be taking steps to protect outstanding debt on their books. Where companies are over-exposed they will be encouraged to merge; where developments *look financially* insecure, joint ventures will be nurtured. As it is now, said Charles Lee, of Edward Erdman, chartered surveyors, "I've never seen so many joint ventures on offer in my life – they are the classic sign of a turning market."

Fresh commitments will probably mean that the banks will demand a bigger slice of the available cake –. including a share of the profits

Where companies are failing to meet their interest payments – and this becomes more likely the longer the base rate stays at 15 per cent – banks may be tempted to take possession of properties. But it is hardly likely they will be able to sell them any more readily than the owners. So it is a time for steady nerves.

Yet the banks, according to a survey carried *out just before* Christmas by Woolgate Property Finance, remain surprisingly enthusiastic about property. Of the respondents, who between them cover two thirds of the lending market, 60 per cent expect their property commitments to increase.

But fresh commitments will probably mean that, except for the strongest of borrowers, the banks will be demanding a bigger slice of the available cake. They may want a share of the profits in addition to interest payments. Yet the survey showed that banks would be prepared to refinance loans falling due, presaging a change in habits from short-term to medium- or long-term lending.

The turndown of the market has forced banks to consider their position. Competitively, they are seeking to devise new financial instruments or variations on established ones. At the same time, they are prepared *to look, for their own* protection, at a larger use of commercial indemnity, an an insurance against the non-payment of loans.

SHARES

They may get even cheaper

HOLDERS OF property shares had a miserable New Year, and the chances are that the next few months will not bring much happiness. The sector on the equity market is placid, ignored.

The New Year rally on the general market simply passed property shares by, the volume *of trade* being a fraction of the daily average in 1989. There was little to excite, and not much to look forward to.

Indeed, the *FT-Actuaries* Property Share Index in January was only fractionally higher than it had been at the beginning of 1989.

Throughout last year the performance of property shares was influenced by feelings that the direct property market outside could only slide downwards. There was an element *of wish-fulfilment in this*, because the equity market had started to take a bearish view of property shares even before the direct market reached its peak, in terms of total returns, at the beginning of 1989.

To the extent that the market has been interested in property shares, it has favoured those with a strong *asset base, and has been most* concerned with the defensive quality of a stock. From the time of the equity market crash in October 1987, there has been little enthusiasm for the development-trading companies.

But the property investment companies – such as Land Securities, MEPC, Hammerson, British Land, Slough Estates, Great Portland Estates – were trading on discounts to net asset value that rose as high as 40 per cent. This compares with an average over the last 10 years of less than 25 per cent.

The younger companies, the development groups that thrilled the market until October 1987 – London & Edinburgh Trust, Speyhawk, Sheraton Securities among them – have been trading on price-earnings ratios of between five and 10.

On a historic basis then, property stocks are cheap. The question is whether they may become cheaper. There is little doubt that any financial failures would send another shiver through the market. A further tightening of the Government's economic squeeze could push prices down further.

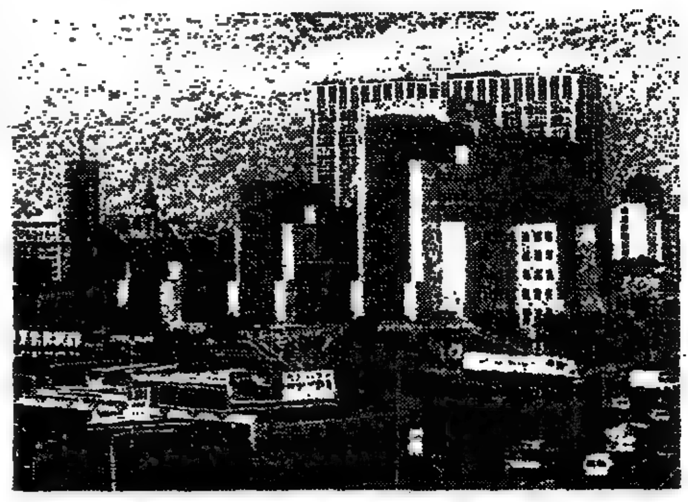
The implications of continued difficulty in the general economy carried through into the property sector are serious. It would mean that demand for space would decline, putting existing rental levels under pressure and lead to a decline in capital values.

There is an argument that the early-January level of stock market prices already had built *into it the possibility of a* decline in asset values. If this is correct, the property sector is simply languishing until somebody far-sighted enough swoops on the market and buys up a lot of cheap stock.

Property shares, though, are out of fashion. Analysts' reports tend not to be encouraging for the institutional reader. Few of them go further down the optimistic road than to advocate either preparation for buying back into the market during the second half, or, having accepted the principle of purchase, buying into property at a time when the *general* market is relatively low. Others simply suggest selling on any rally.

The short term, and indeed probably shortlived, factor which would help the market *to break out of a pessimistic* torpor would be a spate of merger activity. The market's desire for a little excitement was evident when, for example, there was a sudden burst of trading during mid-January in the shares of British Land. The stimulus was a television programme making the not very original point that the group is effectively up for sale. Yet *this* spate of activity has always been coming but has never to seemed to arrive, except for a month last summer.

The argument to support the case for an outbreak of mergers and acquisitions is a strong one. Financial pressure on smaller and medium-sized companies from the high interest rates and the downturn of the market has left the highly geared looking vulnerable. Protectively, these companies are likely to seek alliances. This situation creates opportunities for the well-financed and, with companies trading at discounts to their net asset values, *it is* often cheaper to buy them than to buy individual properties.



■ *A photo-montage showing how the Vauxhall Cross office* **development, on the south bank of the Thames, in London, will look when it is completed in approximately 1993. The developers are Regalian, one of the companies that brokers would expect to benefit quickly from any upswing in the market**

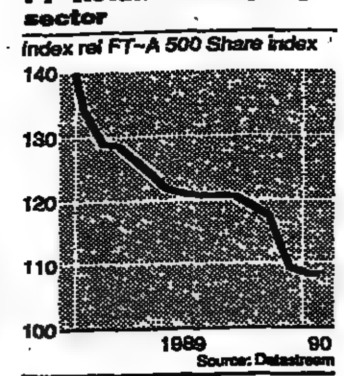
At the same time, the presence in the market of US investors continues to prompt a degree of speculation about the future of larger development *companies, seeking to build up* assets, like Rosehaugh with a portfolio full of varied sites from the City of London to Newcastle.

The other side of this general merger argument is that, if the market saw financial failures, along the lines of Kentish Properties in the residential sector, then this might cause a flight from property shares. That would blunt any stimulus to higher market values from any merger excitement.

There is a sense, however, in which a wait for merger activity is like clutching straws. *The performance of the prop*erty share market is at least in part a reflection of the general economic situation. At base, the market would like nothing more than a fall in interest rates and some sort of signal that the economy will resume expansion.

FT-Actuaries Property sector

Index rel FT-A 500 Share index



Source: Datastream

Few believe there is much chance of this before the second half, although economic pundits are now predicting that the UK will avoid recession. On the assumption that the economic squeeze might be relaxed some time in the second half, it is not unreasonable to believe that the direct property market could start picking up in the final quarter.

The stock market prides itself on its ability to anticipate movement, and if that boast is justifiable then a break in the torpor of the property sector might appear sometime around the middle of the year.

Meanwhile, to the extent that brokers are recommending stocks, they are *tending to* favour the defensive investment companies where rent reviews are *continually* running through, steadily building up the income flow. And the brokers leaven this safe approach with one or two smaller companies, like Regalian or Chesterfield Properties, which they see as likely to benefit quickly from any upswing in the market.

Paul Cheeseright

Production

How Laura Ashley is addressing its problems

Maggie Urry wonders whether the UK manufacturer/retailer is just too nice

Such is the affection for Laura Ashley – even among hard-bitten stockbrokers – that news of the company's latest difficulties elicited as much sympathy as condemnation.

The international retailer of flowery frocks and country cottage home furnishings has admitted that the year ended last month will show no profit, and that there will be a £2.5m loss after exceptional costs. Although the tough conditions in British and US retailing are in part to blame, analysts agree the real problems have been of management's own making.

Sympathy has not extended as far as the share price, which has long since slumped below the level at which the shares were floated on the stockmarket in 1985.

But that affection perhaps reflects what could be central to the group's troubles – its management is just too nice. That is a luxury which a private company can afford, but not a public one.

The culture of the group has, perhaps, made it difficult to take tough decisions, while the shareholder structure, with a majority held by the Ashley family, has made it easy to avoid them.

The group has grown fast, but the concentration has for too long been on boosting sales, not margins. The company's vertical integration has meant too great a reliance on in-house manufacturing – and its concern for employees has made it hard to cut jobs when necessary. Critics of the group say that managing its vertical integration was its greatest challenge.

An understanding of the Laura Ashley culture requires a knowledge of its roots. It was the archetypal family business, founded by a husband and wife team, Laura and Bernard (now Sir Bernard) Ashley.

The romantic story runs that Laura Ashley, a Welshwoman imbued with the puritanical work ethic, started in the early 1950s by printing tea cloths on her kitchen table, and was overwhelmed by orders after the first few appeared in John Lewis's Oxford Street department store. Sir Bernard was the business brain in the company. How true a picture that is should be revealed when her biography is published this summer.

As the company grew, it set up production in Carno, a village in mid-Wales, in the early 1960s. Much of the group's manufacturing is still in the area, making it a large local employer. Concern about the health of employees extends to a ban on fried food in the staff canteen.

The company flourished, and in 1985 it went public. Sadly, Laura Ashley herself had died two months earlier after an accident. She was buried in the churchyard at Carno.

Although not cause and effect, the flotation and the beginning of the group's problems coincided. Although profits continued to rise at first, each set of figures seemed to show less progress and disappointed the analysts. In the 1988-89 year profits fell to £20.3m, and it is now clear that the group was badly loss-making in the second half of the 1989-90 year.

John James, the group's chief executive, can take the credit for building the company up from the early 1970s when he joined. He says that when private the company was an accumulation of pieces put together, with everything tied into everything else – manufacturing, distribution and retailing - and no clear accountabilities. That structure was not conducive to managing a company that was growing quickly, he admits.

People who worked in the company at the time suggest that management's efforts had for years been directed overwhelmingly at getting it to the stockmarket. Once that goal was achieved – and the board was determined to go ahead, although the group's advisers had recommended postponing the flotation on the grounds that the outcome was uncertain and could be affected by Laura Ashley's death – management lacked a plan for what to do next.

James admits that for too long the company used the adverse movement of the dollar/pound exchange rate – it was manufacturing goods in the UK for sale abroad, especially in the US – as an excuse for the disappointing profit performance.

He says: "We should have really looked at ourselves. But we did not get to grips with that till the back end of 1987." The solution was to divide the group into component parts – strategic business units – making each one accountable. The process started in March 1988, though the splitting-up was "an extremely tortuous business," James says, adding that perhaps management took its eye off the other problems that were emerging. The latest problems on the manufacturing side were a result of a false start in this process, according to James; the original way that work was divided between production sites proved inappropriate, he says.

Last autumn this structure began to be changed again, with help from outside consultants. One hundred jobs were taken out, mostly at managerial and administrative levels, and other overheads cut. The managing director of the production division left the group.

Although much had been invested over the years in the computerisation of cutting and handling garments, the production end lacked "an adequate system to control the flow of garments through factories," says James. A dress could spend two weeks in a factory being made, he adds, although it only spent an hour of that time at a sewing machine.

Lacking a proper order processing system, says James, meant that production became piecemeal, and the efficiencies gained from longer runs were never achieved. The problem came to a head when orders from the US shops for the autumn/winter collection – which go on sale earlier in the US than in the UK and Europe – were not fulfilled in time.

Sales were lost at the start of the season, and when the merchandise eventually arrived in the shops in sufficient quantities – by November – the problems of US retailers were being reflected in slashed prices. Laura Ashley shops had to follow suit in order to shift the very merchandise that only weeks earlier they had been desperate to receive.

The aim now is to improve the flexibility of the 10 garment factories, by reducing the number of styles being made and giving each factory a limited number of styles to specialise on.

A system to control the flow of work through the factories is now being installed. The hope is to reduce lead times by 30 per cent if not by half. That would have the benefit of cutting working capital, which has been so high as to put a strain on the group's balance sheet.

Outsiders suggest that James himself, as chief executive, bears ultimate responsibility for the mistakes on the production side. And, they say, the group's concern for its workforce prevented it from reducing staff numbers at the earlier stage. The solution may be to reduce dependence on in-house manufacturing even more, and to shift some production overseas.

James concedes that the company's paternalistic background has made it difficult to take the tough decisions. Further, although the group had become a public company in 1985, Sir Bernard and the Ashley family still control 70 per cent of the shares. As one outsider describes it, "the company is not really a public company, more a private one with a share placing."

James says "we cannot sit back and expect Sir Bernard to hold the shares forever. We must drive up profits and work as a genuine international retailer for the benefit of all our shareholders."

These problems might have been overcome, suggest outsiders, if the City had been able to influence the board, for example, through non-executive directors – the sort of experienced businessmen who would represent shareholders, spot problems, and generally encourage management.

The group does have one non-executive director, Lord Hooson. However, although he had an eminent career in politics and the law, he does not have the background in business that City folk would have liked.

There is also a concern that, although the company has grown significantly since the float – in both size and complexity – the number of executive directors on the board has fallen. Three have left – John Winter, who was deputy managing director, Peter Phillips, finance director, and the manufacturing chief – but in the same period only one director has joined the board.

As a result of departures, some of the directors have doubled up their responsibilities. James, who is an accountant by training, has in effect been acting as finance director, too – although a new appointment is expected soon.

Alphons Schouten, a long-standing Laura Ashley director, is in charge of the European retail operations and the brand management function, while Mike Smith, head of UK retail, has now also taken on the production side.

The group still has enormous strengths. Its brand name is regarded by many as having maintained its strong consumer franchise, despite the vagaries of fashion, particularly on its home furnishing side. It is one of the few UK retailers to have found some success abroad. And its turnover is on course to double from the level it reached in 1987-88, the year of peak profits.

If management's determination to solve its problems, and the hired expertise of teams of management consultants, are effectively translated into action, the group should yet have a bright future. But it will take a more ruthless attitude to identifying and attacking problems early on and, perhaps, an injection of new management to strengthen the existing team.

"A dress could spend two weeks in a factory being made but only one hour of that time was spent on a sewing machine."

Organisation as a global 'network'

By Christopher Lorenz

When the chairman of a large company holds forth on how it spent the 1980s renewing and reviving its existing businesses, regaining technical excellence, and penetrating new geographic markets, one may be forgiven the reaction "so what?"

Such Herculean feats are certainly impressive. But in today's global economy they are merely qualifications for playing the competitive game – not for winning it.

Richard Giordano, boss of the BOC gases group, as good as admitted as much last night in an illuminating analysis of the difference between the challenges which BOC confronted over the past decade and those it faces now.

Delivering the first of this year's Stockton Lectures at the London Business School, Giordano argued strongly that the organisational mastery of scale and complexity was probably the most difficult task facing companies – British and otherwise – during the 1990s.

Companies must master forms of organisation which reach beyond traditional concepts of delegation and profit centres, Giordano said. Such organisations would have to be internally flexible ("interactive and interdependent"), and would be required to do business across great distances, across national boundaries and cultures.

"We need to find ways of organising and managing bureaucracies effectively," said Giordano. "That is what our international competitors have achieved. This is what has driven their successful product strategies all over the globe".

BOC itself has expanded its core gases businesses from an Anglo-US base deep into Asia and the Pacific, and has continental Europe next on the list. So it faces this organisational problem writ large. It needs to maximise the flow of technology, and other forms of skill-sharing, across its global empire, while remaining responsive to market differences from country to country.

In Giordano's own words, "the scale of our businesses simply could not afford local self-sufficiency; nor a traditional managerial pyramid over the whole group driven from the centre; nor some form of an expensive matrix."

BOC's solution to the problem bears the overworked label of "networking". As Giordano explained it: "We expect managers and technologists in our companies throughout the world to take on their shoulders the responsibility for accessing group technology wherever it resides, and to keep appraised of and implement best practices in every aspect of their business.

"Our job at the centre is to facilitate communication and (to) occasionally audit," he continued. Among other activities, the BOC head office creates ad hoc short-lived committees "to draw managers' attention to what is available and what is changing."

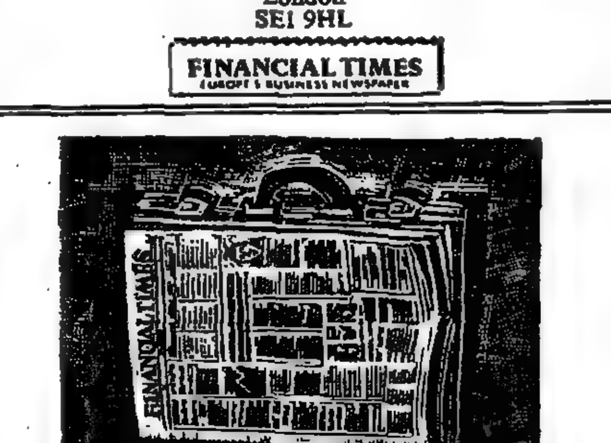
For each specific area of technology or operational problem, it appoints a "lead house" – the most knowledgeable unit on that topic, be it in Sydney, Osaka or elsewhere. That unit then has responsibility for disseminating the knowledge to other parts of the group around the world: "We don't expect its work to be duplicated by other group companies," Giordano stressed.

A small staff is retained at the centre in Britain "which acts on occasion as a traffic policeman, sometimes as an orchestra conductor, infrequently as an auditor, and very often as a cheer-leader."

Such networking was fast, efficient, but not easy to sustain, said Giordano. It required managers to live with "more than average ambiguity and sometimes conflicting objectives." It required give-and-take: "individuals are often called upon for contributions that have no immediate benefit to their profit and loss."

Networking necessitated a high degree of co-operation and trust, rather than authority, the BOC chief emphasised.

Lastly, said Giordano, it was important to recognise that the links in the network were often sustained by technical personnel, and by other non-managers. "Their quality and experience are increasingly important to the success of our business. We have had to fashion rewards for them that reinforce their importance



FT LAW REPORTS

Receivers and liquidators cannot distribute pension surplus

METTOY PENSION TRUSTEES LTD v EVANS AND OTHERS
Chancery Division: Mr Justice Warner: December 12 1989

AN EMPLOYER'S absolute discretion under an occupational pension scheme to distribute surplus funds among beneficiaries, is not a right to make gifts from surplus as its owner but is a fiduciary power in the full sense entitling beneficiaries to be considered for discretionary benefits. And where the employer's powers cease on its going into liquidation, the fiduciary power does not vest in receivers or the liquidator, but will be exercised in the manner the court considers most appropriate in the circumstances to give effect to the intention of the scheme, through new trustees, representative beneficiaries or the trustees under the scheme.

Mr Justice Warner so held when determining questions arising in the winding up of an occupational pension scheme established by the third defendant, Mettoy Co plc in liquidation, on an originating summons by the plaintiff Mettoy Pension Trustees Ltd, sole trustee of the scheme. The first and second defendants, Mr Idwal Evans and Mr Tim Evans, were previous employees of Mettoy and represented pensioners in the scheme.

HIS LORDSHIP said that Mettoy was at one time a successful and prosperous company. At its peak it and its subsidiaries employed some 3,000 people. It established an occupational pension scheme which took effect in 1966.

In 1981 and 1982 it suffered heavy losses. In October 1983 its bankers appointed receivers of its assets and undertaking. In November debenture holders appointed the same receivers. In January 1984 a compulsory winding up order was made and in April 1984 its last employees were dismissed.

Under the 1968 pension scheme the trustees held the pension fund on irrevocable trusts to pay pensions and other benefits in accordance with terms of the fund. On winding up 2,500 were entitled to benefit. Surplus over mandatory benefits was estimated at about £9m.

Rule 11(b) of scheme rules issued in 1969, provided that in the event of liquidation the pension fund should be wound up. A discretion to augment benefits was exercisable by the trustees.

A revised scheme was introduced in 1973. From 1973 to 1979 all contributions to the 1968 scheme were invested on a group with profits policy. On November 30 1979 the policy was discontinued and the system of investment was altered to a managed fund. In anticipation of the change a 1979 deed was executed, and in 1980 the plaintiff Trustee Company was incorporated and the 1969 rules were cancelled and replaced with 1980 rules.

Rule 13(4) of the 1980 rules provided that in the event of the company's business ceasing, the trust fund should be wound up and the trusts determined. Rule 13(5) provided "Any surplus of the fund remaining after securing liabilities "may at the absolute discretion of the employer be applied to secure further benefits . . ."

The rule differed from rule 11 in the 1969 rules in that the discretion to augment benefits was to be exercisable by the employer, not the trustees.

A further deed, a reprint of the 1980 deed, was executed in 1983.

On the present originating summons the question *inter alia* was whether the discretion to augment benefits conferred on "the employer" by rule 13(5) of the 1983 rules was a fiduciary power and if so, whether it was exercisable by the receivers or liquidator, or neither.

Fiduciary discretions could be put into four categories.

The first comprised a power given to a person to determine the destination of trust property without his being under any obligation to exercise the power or preserve it.

The second category comprised any power conferred on the trustees of the property or any other person as trustee of the power itself. A power in this category was a "fiduciary power in the full sense." It could not be released. The donee owed a duty to the objects of the power to consider whether and how he ought to exercise it.

Category 3 comprised a discretion which was really a duty to form a judgment as to the existence or otherwise of particular circumstances giving rise to particular consequences. Category 4 comprised discretionary trusts, where someone was under a duty to select beneficiaries from a class.

The question was whether the discretion given to the employer by rule 13(5) was in category 1 or category 2.

That depended on whether the words by which that discretion was conferred meant no more than that Mettoy was free to make gifts out of surplus of which it was absolute beneficial owner, or whether they imported that it was under a duty to pensioners to consider whether and how the discretion ought to be exercised.

It was a question of construction of the 1983 deed in the light of the surrounding circumstances.

Mr Nugee for Mettoy submitted that under the deed members' rights were satisfied when they had received their mandatory benefits. He said that whether they received more lay in the bounty of the employer.

That was not correct. The beneficiaries had a right to be considered for discretionary benefits. The discretion conferred on the employer by rule 13(5) was a fiduciary power in the full sense.

The considerations leading to that conclusion were that if the discretion were not such a power it was, from the beneficiary's point of view, illusory. The words conferring the power would mean no more than that the employer was free to make gifts out of its own property.

The *Courage case [1987] 1 WLR 514* illustrated one possible consequence of discretion being of that nature. If the employer were acquired by a takeover raider there would be nothing to prevent the raider from rendering itself entitled to the entire fund.

There was the added consideration that the discretion was introduced to replace a power which, though narrower, had been vested in the trustees.

The next question was whether the discretion was exercisable by the receivers, the liquidator or neither.

By its debentures Mettoy charged "all its . . . assets . . . present or future."

A fiduciary power in the full sense was not an asset of any company. It could not be the subject of a charge created by a debenture.

It could, therefore, not become exercisable by a receiver appointed under a debenture.

Likewise it could not become exercisable by a liquidator.

The liquidator's widest powers were "to do all such other things as may be necessary for winding up the affairs of the company and distributing its assets" (see section 539(2)(h) Companies Act 1985).

Exercise of a fiduciary power in the full sense vested in a company could not be necessary for distributing its assets. Whether it might be necessary for winding up its affairs was less clear. However, the liquidator in the present case would be precluded from exercising the power because if he did so, his duties would conflict.

As trustee of the power he would be under a duty to hold the balance between beneficiaries' interests and the interests of persons entitled to share in the company's assets, namely creditors and contributors. As liquidator his duty would be to creditors and contributors.

The question then was, if the discretion was a fiduciary power which could not be exercised by receivers or liquidator, who was to exercise it? It could not be exercised by directors because on the liquidator's appointment their powers ceased.

In *Baden [1971] AC 456, 457* Lord Wilberforce said that where trustees did not exercise a trust power the court, if called on to exercise it, would do so "in the manner best calculated to give effect to the settlor's or testator's intentions." He said it might do so by appointing new trustees, or authorising beneficiaries to prepare a scheme of distribution, or by directing the trustees to distribute.

In a situation like the present it was open to the court to adopt whichever of those methods appeared most appropriate in the circumstances.

As to what should be done, more evidence was necessary.

For the trustee company: Robert Walker QC and Mark Herbert (Denton Hall Burgin & Warrens).
For Mr Idwal Evans: Nigel Inglis-Jones QC and John Stephens (Lawford & Co).
For Mr Tim Evans: James Clifford (Lawford & Co).
For Mettoy: Edward Nugee QC and Anthony Mann (Wilde Sapte).

Rachel Davies
Barrister

Gazeley under the Asda umbrella

By Paul Cheeseright

The warehouse-distribution market is going to be difficult, said John Duggan, managing director of Gazeley Properties. He was talking about the sector of the property industry which has stood up better to the economic slowdown than either offices or retail.

"There will be pressure to keep rents down. There will be competitive negotiations with tenants," he said.

Gazeley is the property arm of Asda, charged with looking after the supermarket chain's £2bn estate and with creating an independent profit stream from property development. This has taken the company not only into the construction of superstores for the group but into distribution centres both for group and third party use.

One indication of the market difficulties is the slowness with which decisions are made. Another is the way in which yields have widened. "They have moved out even on good locations by up to 0.75 per cent. After the Lawson crisis (October 1989) nobody did anything until after Christmas and when they did the yields were lower than six months before," said Mr Duggan.

But the generality of the market slowdown hides particular changes. Last September King and Co, in their four monthly survey spotted the first increase for over six years in the national availability of industrial and warehousing floorspace. The next survey, to be published soon, will show more empty spaces.

Yet Bob Thompson, King's chief of research, noted plenty of activity remained outside the south east of England, even though it was slower than before.

He also observed that industrial properties with an office content of up to 50 per cent were coming onto the market. Previously they had been pre-letting. And, as usual, the new buildings were being taken up more readily than the old.

This last point impinges on what Mr Duggan called "the major shift in the way people are looking at their distribution requirements."

He recalled that when Asda was looking at its distribution requirements in the mid- and late 1980s, it found there were few sheds larger than 100,000 sq ft and little had been built since the early 1980s.

There was a shortage of modern space at a time of "raised awareness that distribution is a fundamental part of any major business in holding down costs and modernising." So there has been a demand for new facilities in areas close to the main markets.

Underlying the shifts in the market then, there is a process of change in the warehousing property sector akin to the re-equipping of the office sector with air-conditioned buildings capable of accommodating modern electronics or the transformation of shopping centres to meet consumer demand.

Location is important in this process and "prime location" for Mr Duggan means sites where there is good access – from the motorway network, for example – where there is good labour supply and where there are what he called "economic drive times."

This last is a matter of getting the most efficient use of a driver and his truck in a 24-hours-a-day industry.

There is little point in a driver setting off from somewhere in northern Europe and unloading in the south east of England if that means only half a day's work and nothing to do afterwards. It would be better to have a full day's drive to a point outside the south east.

As the map shows, Mr Duggan's ideal area for distribution is a swathe across England from the Midlands to East Anglia, south of Derby and north of Watford. The centre of England looks more likely to be the focus of warehousing than, say, Kent, speculation about the effect of the Channel tunnel notwithstanding.

There is also the point that land values in the centre of England are lower than they are in the south east. The warehousing property market has been less distorted by the rush to acquire sites for business parks than it has been in the south east.

Mr Duggan's analysis is self-serving to the extent that he has a vested interest. Gazeley and the Church Commissioners are developing the biggest distribution area in Europe at Lutterworth in Leicestershire.

The joint venturers are developing 7.6m sq ft of space on 500 acres – largely warehousing but with some offices. There is planning permission for 4.1m sq ft of that and part of it has been built, while 3.5m sq ft awaits the final permission of Mr Chris Patten, the Environment Secretary, having obtained local authority approval.

Mr Duggan is not alone in his analysis. It is hardly surprising that Asda has a warehousing centre at Lutterworth, but the other tenants so far are Aldi, Avon Cosmetics, Toyota (GB) and Volvo. The smallest installation is 150,000 sq ft for Avon so the amounts of space taken are not exactly tiny.

This list of tenants brings out a further point about the change in distribution process and the effect it has on the property industry. The large companies acquiring space have long-term aims and are not likely to be deterred by short-term market fluctuations.

If they want facilities to help their penetration of the European market their interest in immediate rent and yield movements is probably secondary.

The same is true for companies seeking to own the properties they work in. Such purchases are frequently part of long-laid business plans. Here is a source of continuing activity in the market.

As far as Lutterworth is concerned, rents have risen sharply. Toyota, which signed up last month, is paying a base rental of £4.63 a sq ft. Two years ago warehousing rents around Leicestershire were more like £2.50 a sq ft. Toyota needs the space with its Derbyshire manufacturing plant coming on stream in 1992.

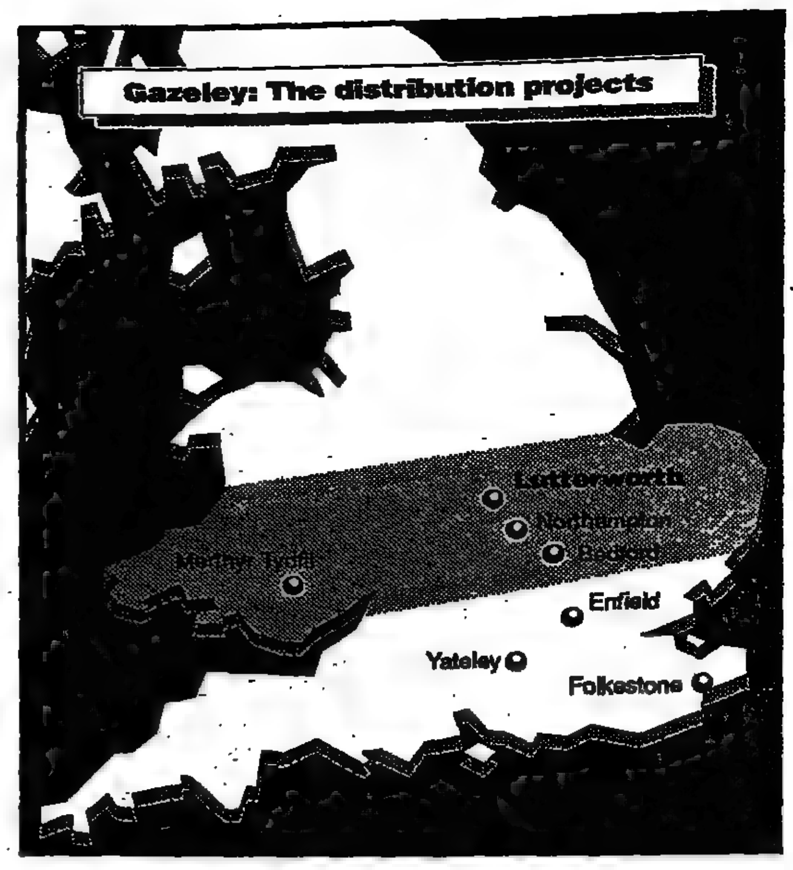
This factor, where long-term considerations override short-term market factors, is a protection for the investment of Gazeley and the Church Commissioners at Lutterworth. But Mr Duggan also believes that his selection of sites will ensure that as long as there is market activity, Gazeley will have a slice of it.

The ultimate protection for Gazeley is its shelter under the Asda umbrella. Although Gazeley frequently develops property for sale, a failure to make a sale is not crucial.

"The fact that I haven't sold a building this month, or next month, will cause concern but it won't knock me off course. If I didn't sell one for two years that would be different," said Mr Duggan.

Gazeley is well placed for the difficult year. A joint venture with Arlington has both liberated cash and provided a future revenue stream. There is the possibility of developing about 7m sq ft of space at Lutterworth and at other projects throughout southern England.

In the year to last April pretax profits were £9.5m. In the current year pretax profits should be about £12m.



CAPITAL GROWTH (%)

	Retail	Offices	Industrial	All Property
Year to December 89	3.6	15.3	21.5	11.2
Quarter to December 89	-1.8	1.2	2.7	0.3
Month of December 89	-1.0	0.3	0.8	-0.2

Source: Investment Property Databank

Robots sweep across the Paris Metro

Anna Kochan reports on the automation of a subterranean cleaning marathon

Automated cleaning robots, capable of going up and down stairs and getting into and out of trains unaided, are being put into operation in the Paris Metro.

It is part of a FFr 270m (£28m) investment programme aimed at improving the productivity and quality of Metro cleaning, an exercise which currently involves a workforce of 2,000 and an annual budget of FFr 250m. The 500-plus robotised vehicles, which will be in use by 1995, are expected to reduce this cost by 40 per cent.

The Paris Metro is a massive network, numbering 13 lines and 430 stations with 625 mechanical escalators. More *than 1m square metres has to* be cleaned every day, including 800 trains incorporating 3,600 carriages. The tracks *themselves only need cleaning* once a month; the tunnels, once every two years.

Tests have started with a *prototype of the first vehicle* design and 26 will enter service in the autumn. Their job is to sweep, vacuum and wash the hallways, corridors and platforms in a station, as well as to carry cleaning equipment for the auxiliary human worker who will clean areas inaccessible to the vehicle.

Designed to cope with human contact and to avoid falling off the edge of platforms, the vehicle, known as the CABX, is fitted with numerous safety devices and sensor systems. But most innovative is its traction and locomotion system, which enables it to climb stairs as well as manoeuvring over flat ground.

Running on two independently driven tracks, similar to those of a Caterpillar tractor, the mobile vehicle employs three systems to navigate its path. Essentially it follows a trail of tiny magnetic markers embedded in the ground. A group of five markers is placed at intervals of 10m along the route the vehicle follows. The relative positioning of the markers in each group forms a code, which is detected by the vehicle's on-board magnetic sensor and indicates the direction it is to take.

To keep the vehicle on the right path between these markers, its positioning is continuously monitored and modified by two further mechanisms. One system employed is odometry, whereby the turns of the wheel are counted to calculate speed and distance.

To verify the direction that *the vehicle has taken*, a gyrometer is used and the CABX designers have selected a new type, a gas acoustic model, just *developed in France and only* available in prototype form. It determines direction by measuring the waves generated by *the displacement of gas molecules.*

These novel guidance techniques are less proven than the infrared and laser systems developed for autonomous AGVs (automated guided vehicles). But these would not be suitable in an environment open to the public, says Patrick Richard, director of Robatec, the main company involved.

Apart from the health risk that lasers may present to those in frequent contact with them, Richard says that the guidance system has to be totally invisible to the public. If some kind of beam arrangement had been employed, an interruption to the beam, by a person or obstacle, would have disorientated the vehicle with possibly dangerous consequences.

Making the CABX vandal-proof has been a key factor in its design, as has safety.

Ultrasonic and infrared sensing is the means by which the robot detects hazards. Richard says the number of obstacles in a public place is so high that it would not be worth designing a robot to work around them. Instead, when the robot detects something in the way, it begins to slow down and, if the obstruction does not move, comes to a standstill and calls for operator attention.

A future version of the CABX will be equipped with a synthesised voice asking passengers to move away. In the *meantime, the vehicle uses* flashing lights and bleeps to warn the public of its presence.

The current design of the CABX also requires operator control for moving up and down stairs and into and out of trains. In the future version, however, there will be more ultrasonics and infra-red sensors so that a path can be navigated relative to a wall.

Devices for the other metro cleaning operations have not yet been fully developed. The robot for cleaning the inside of trains will be a tiny autonomous vehicle, which will run around under the seats accompanied by a manual cleaner for the more difficult tasks. The vehicle will employ ultrasonics-based telemetry which, by reflecting a beam off a wall, will keep it on a path at a set distance from the wall.

The job will be done at night when trains are out of service. During the day, the robot will be locked away in a cupboard on the train.

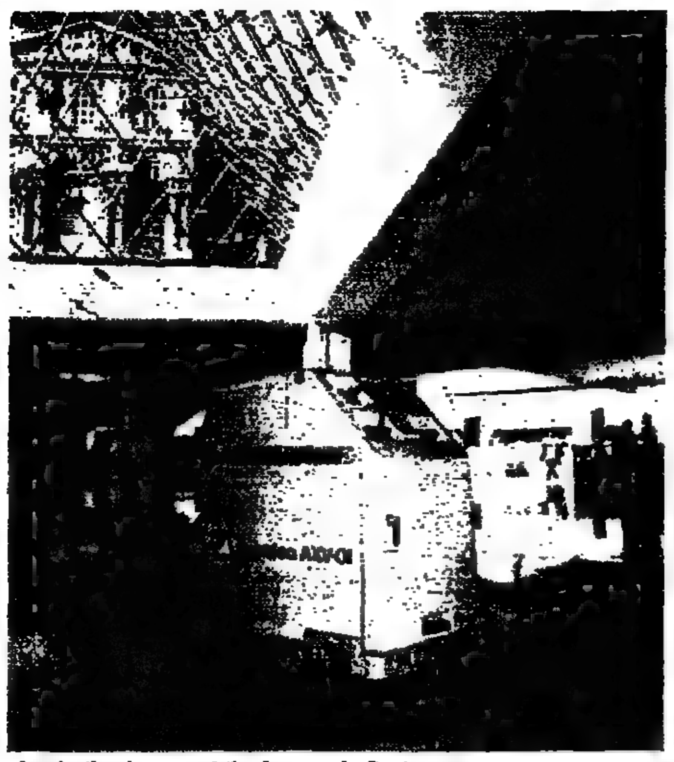
Two other types of cleaning equipment – dedicated either to tunnels or tracks – will incorporate a speciall designed platform on which the cleaning robot and its operator will travel along the Metro rails. The robotic arms will be tele-operated, which means that the movements and processes will be controlled by the on-board operator.

However, so far it is only the CABX which has reached a *commercialised form and the* first fleet of 26, now being built, will go into service in the autumn.

The project is being undertaken for the RATP, the company which runs the Paris Metro, by a consortium comprising the service company, Compagnie Générale des Eaux (CGE), GENEST (public works) and the Commissariat a l'Energie Atomique (CEA), which has experience in the robotics field.

The CGE and GENEST set up Comatec in January 1986 to take charge of the Metro project, since when the company, through its subsidiary Robatec, has become something of an expert in autonomous robots, frequently collaborating with the Japanese.

At the Louvre, for example, the outside of the new glass-topped pyramid is cleaned by a specially modified Japanese robot that is tele-operated from ground level. Inside the Louvre, another sweeps the floor. And, this month the first vocalised polishing machine starts work there. Picture gazing will never be the same again.



A robotic cleaner at the Louvre in Paris

Underground war against corrosion

Pipelines are rarely a source of concern until they go wrong, but a flood of instances of corrosion has focused attention on a universal problem with no universal solution.

Instead, to prevent corrosion getting a damaging hold, new techniques have been developed to monitor pipes and to postpone the onset of decay.

Failed pipes can lead to a waste of resources and damage to the environment. The last Government study of corrosion, the Hoar report in 1971, concluded that corrosion cost 3.5 per cent of gross national product in the UK alone.

A recent example of a corrosion bill can be found in the North Sea, where the 16-year-old 169 km oil pipeline from the BP Forties Field is to be replaced at a cost of £162m – £1m a kilometre.

Corrosion will be in the dock at Liverpool Crown Court on February 22, along with Shell UK. A decayed pipe at the company's Tranmere oil terminal released 150 tonnes of oil into the Mersey in August.

It can be difficult to persuade companies to invest in prevention, says John Leeds, technical manager of Pipeline Integrity Management, a UK *consultancy. "We are asking* companies to spend money just so that the integrity of a plant remains the same."

And even if there has been an attempt to stop the rot, it may be inadequate. In Alaska, the 800-mile stainless steel pipeline, owned by Alyeska in which BP has a controlling share, is corroding over a nine-mile section after 13 years, despite its protective coating.

A leak has been prevented, however, by monitoring. At first, the thickness of the pipe was measured from inside by electronic "pigs", made by the Canadian company Ipel. A magnetic field was fed into the pipe wall, and the position of the pig and the pattern of the magnetic leak determined wall thickness.

This has been superseded by a more sensitive technique, using a Japanese pig from NKK. It employs 250 ultrasonic transducers in a body up to 10 ft long and 4 ft in diameter. The emissions from the transducers measure wall thickness by detecting the inner and outer surface of the pipe and measuring the intervening distance. The data is fed to an on-board computer which determines wall thickness.

The NKK ultrasonic pig enabled Alyeska to detect 300 sections where corrosion had eaten away between 10 and 20 per cent of the pipe wall.

With no guaranteed solution available for preventing even stainless steel corroding, Alyeska is to step up ultrasonic monitoring. It also wants to delay corrosion by using bonded epoxy material to seal the outside of pipes.

In Britain, Max Wallis, of the University of Wales, claims that British Gas is losing between 3 and and 10 per cent of its natural gas. British Gas puts the leakage at no more than 1 per cent.

The materials used in pipes and fittings can influence leak rates. British Gas originally used iron pipes and fittings, but in the 1970s the desire to operate at higher pressures led to the use of smaller, corrosion resistant polyethylene pipes. These pipes exposed the often corroded state of the iron fittings connecting the mains to steel pipes in buildings.

Corrosion resistant gunmetal, a bronze made of 85 per cent copper, with zinc, lead and tin; or malleable iron fittings were installed. But sales of gunmetal fittings – which can last for more than half a century – to British Gas peaked in 1983-84 and are expected to cease this year. The water industry still specifies gunmetal fittings for buried pipes.

Kay and Company, founded almost 200 years ago in Bolton, supplies gunmetal fittings, but saw its market being attacked *by sales of other types, such as* iron and polyethylene.

David Aitkin, the managing director of the company says iron fittings are a *third of the* cost of gunmetal but corrode rapidly.

In an attempt to recoup some of the market lost to other fittings, Kay has developed a way of nickel-plating the iron ones. The technique, called electroless nickel plating, is not electro-plating but a chemical process. Electroless nickel is an alloy different in composition, structure and properties from electro-plated nickel. It is harder and more corrosion resistant.

The technique involves a solution of sodium hypophosphite and a nickel salt, and it results in nickel being deposited.

The nickel-plated fittings are half the price of gunmetal ones, but half as much again as iron. However, the nickel is still susceptible to corrosion because it is porous.

Tests by Kay showed that 50 microns of nickel plate was needed for high corrosion resistance, but this would have made the plated iron more expensive than gunmetal.

Instead, nickel of 20 microns was applied to the iron and a polymer, methyl methacrylate, *applied to the nickel in a vacuum* to seal pores. This polymer treatment, carried out by Ultraseal International, of Bir*mingham, "doubles the effectiveness* of the nickel plate," says Aitkin.

Lynton McLain

Is it a bird? Is it a car?

A vertical take-off flying car is being developed in the US by Paul Moller, a former professor of aeronautical engineering at the University of California, writes Lynton McLain.

The Moller International M400 (pictured right) is designed to be driven along a road, to take off vertically, hover to 9,500 ft and fly to 30,000 ft at 400 miles an hour.

The first M400 – small enough to be parked in a domestic garage – is being completed for flight testing. An experimental version, the circular M200X, has already flown with a pilot.

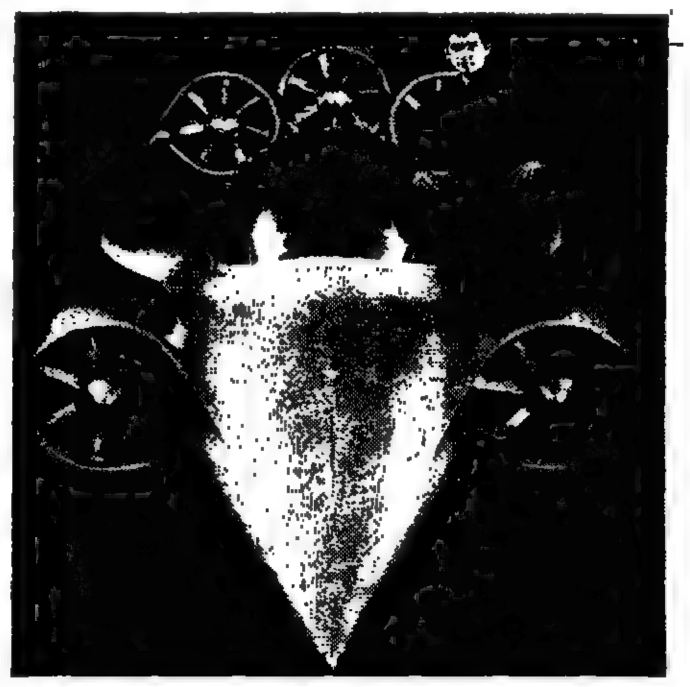
Vertical take-off comes from eight 150 horsepower rotary internal combustion engines, each weighing 68 lbs. They are housed in fan hubs.

Designed by the US Outboard Marine Corporation, the engines were fitted to snowmobiles prior to the purchase of the engineering and design rights by Moller International.

The twin-shaft engines can produce 2 hp for every pound of engine weight and have a power density exceeding 100 hp per cu ft of engine. This compares with the 20 hp per cu ft of a conventional four-stroke piston engine and the 30 hp power density of two-stroke engines.

The craft would have to be integrated into controlled airspace. Moller says microwave beams or satellite references could generate "electronic guide ways in the air.

"Future flight within congested areas will not be unlike driving on the freeway. The pilot's involvement will be to enter a destination on an on-board computer. This will access the electronic highway, and maintain speed and safe distances from other craft."



CONTRACTS & TENDERS

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
9	10	11	12	13	14	15

OPERA AND BALLET

London

Royal Opera, Covent Garden. The long-awaited new production of Borodin's *Prince Igor* by Andrei Serban is a collaboration of the Royal Opera and Ballet, conducted by Bernard Haitink, and features a splendid cast of Eastern European principals: Sergey Leiferkus in the title role, Anna Tomowa-Sintow, Elena Zaremba, Alexey Steblyanko, Nicola Ghiuselev, and Paata Burchuladze.

Royal Ballet continues with its ceaseless performances of *Swan Lake* at Covent Garden.

English National Opera, Coliseum. David Pountney's curious *Traviata* production (this is the one with the cornfield on stage in Act 1) returns with Helen Field in the title role, and Alan Opie and Edmund Barham as the Germonts. The company undertakes a Berlioz rarity, *Beatrice and Benedict*, his late, ravishingly beautiful version of *Much Ado about Nothing*, produced by Tim Albery, conducted by Mark Elder, and with Ann Murray, Philip Langridge in the title roles. Further performances of *Faust*, in Ian Judge's deft, fast-moving, extremely successful production (using the original spoken dialogue).

Paris

Théâtre des Champs Elysées. European 18th Century baroque operas conducted by Rene Clemencic: *Croesus* (1730), a German 3-act opera in concert version (Tue). *La Purpura de la Rosa* (1701), a 2-act Spanish opera in concert version (Fri) (47203637).

Opéra. The Hamburg Ballet presents John Neumeier's *Peer Gynt* inspired by Henrik Ibsen. Paris Opéra orchestra conducted by Eri Klas (47425371).

Chatelet. Wagner's *Die Meistersinger von Nürnberg* conducted by Marek Janowski with Jose van Dam as Hans Sachs in a new co-production with Radio France's Philharmonic Orchestra and choir. Starts at 6pm (40282828).

Antwerp

Koninklijke Vlaamse Opera. Royal Flanders Opera in Haydn's *L'Infedelta Delusa*. La Petite Bande Orchestra conducted by Sigiswald Kuijken staged by Philippe Lenael with Nancy Argenta, Lena Lootens, Christophe Pregardien.

Milan

Teatro Alla Scala. Lorin Maazel conducts Beethoven's *Fidelio*, sung in German, in co-production with the Théâtre du Chatelet in Paris under Giorgio Strehler, with sets by Ezio Frigerio. Jeannine Altmeyer, Thomas Moser and Kurt Rydl lead the cast (80.91.26).

Turin

Teatro Regio. Sylvano Bussotti's production of Puccini's *Turandot* conducted by Yuri Ahronovitch, with Sophia Larson in the title role, and Nicola Martinucci and Elena Mauti Nunziata (8815.241).

Rome

Teatro dell'Opera. Bellini's *I puritani* conducted by Spiros Argiris, with Mariella Devia and Chris Merritt. Sandro Sequi's production uses the sets and costumes designed by Giorgio de Chirico for the 1933 edition of the opera at the Florence Maggio Musicale (46.17.55).

Florence

Teatro Comunale. Luciano Berio conducting two of his own works: *Rendering* and *Afanim*, with the Finchley Children's Music Group conducted by Ronald Corp and mezzo-soprano Esti Kenan Ofri (2779236).

Berlin

Opera. *Der Barbier von Sevilla* returns with a new cast led by Jane Giering, Barbara Scherler, Clemens Bieber, Wolfgang Glashof, Manfred Roehrl and Bengt Rundgren. *La traviata* stars Julia Varady in the title role. *Elektra* features Ute Vinzing, Ruth Hesse, Sabine Hass, Hans Beirer and Gerd Feldhoff. *La Bohème* in Götz Friedrich's production is sung by Kallin Esperian, Lucy Peacock, Antonio Ordonez and Andreas Schmidt. Further offered three ballets jointly choreographed by Youris Vamos and George Balanchine.

Hamburg

Opera. *Idomeneo* under the superb musical direction of Gerd Albrecht with Josef Protschka, Roberta Alexander, Ning Liang, Joanna Kozlowska and Kurt Streit. *Tosca* has Maria Guleghina in the title role, Luis Lima and Juan Pons in other parts. *Othello* convinces thanks to Wladimir Atlantow, brilliant in the title role.

Cologne

Opera. *Die Fledermaus* is a well done repertoire performance with John Hurst, Alfred Kuhn and Gabriele Fontana.

Bonn

Opera. *Macbeth*, produced by Jean-Claude Riber with sets by Michael Scott will have its premiere this week, with a strong cast led by Eduard Tumagian, Francesco Ellero d'Artegna, Elizabeth Connell, conducted by Gianfranco Masini.

Frankfurt

Opera. *Ariadne auf Naxos* has fine interpretations by Helena Doese, Gail Gilmore, Hellen Kwon, Christopher Robertson and Michael Sylvester. Also offered William Forsythe's ballet *Artifact*, and Gluck's rarely played *Iphigenie en Tauride* with Sylvie Brunet, Gregory Yurisich, François Le Roux, Keith Lewis and Anni Tzonkov.

Munich

Opera. *Fidelio* will be conducted by Hans Martin Schneidt with Hildegard Behrens, Theo Adam and Rene Kollo. *Der Rosenkavalier*, produced by Brigitte Fassbaender with Judith Beckmann, Barbara Bonneyand Helmut Berger-Tuna. Further performances of *Salome* starring Brigitte Fassbaender, Hildegard Behrens, John Broecheler and James King. John Cranko's ballet *Onegin* rounds off the week.

Stuttgart

Opera. *Die Entführung aus dem Serail* has Tomoko Nakamura, Yasuko Kozaki, Uwe Heilmann, Heinz Goehring and Helmut Berger-Tuna as leads. Three ballet evenings with John Cranko's choreography, danced to music by Stravinsky.

New York

Metropolitan Opera. Charles Dutoit conducts the seasonal premiere of Nathaniel Merrill's production of *Samson et Dalila* with Shirley Verrett, Placido Domingo and Simon Estes. *Il Trovatore*, conducted by Rico Saccani, features Susan Dunn as Leonora, Ermanno Mauro as Maurico and Lajos Miller as Count di Luna. Harold Prince's production of *Faust*, conducted by Charles Dutoit, continues with Carol Vaness as Marguerite, Delores Ziegler as Siebel, Neil Shicoff as Faust and James Morris as Mephistopheles. Lincoln Center Opera House (362 6000).

Les Ballets Trockadero de Monte Carlo. The first New York performances in seven years of the transvestite satiric company include the world premiere of *Black Swan* in the three mixed programmes with their other two Swans, *Swan Lake* and *The Dying Swan*. Ends Feb 16. City Centre, 55th E of 7th Av (246 0102).

New York City Ballet. The mixed repertory continues with performances of *Midsummer's Night Dream*, *Swan Lake* and *Firebird*. New York State Theatre, Lincoln Center (870 5570).

Tokyo

Tokyo Ballet. *Sleeping Beauty* with Yukari Saito, Naoki Takagishi (Mon), Mayumi Katsumata, Yasuyuki Shutoh (Tues). Tokyo Bunka Kaikan (725 8888).

Fifth - V. Modern dance choreographed by Ushio Amagatsu, of the famous Butoh dance group, Sankaijuku. Spiral Hall (406 5559). Ends Feb 21.

MUSIC

London

Royal Philharmonic Orchestra conducted by Vladimir Ashkenazy, Heinz Holliger (oboe). Mahler, Strauss (Sun). Royal Festival Hall (928 3800).

The London Philharmonic conducted by Kurt Sanderling, Lynn Harrell (cello). Haydn, Shostakovich (Sun). Royal Festival Hall (928 8800).

Royal Philharmonic Orchestra conducted by Enrique Batiz, Kun Woo Paik (piano). Mozart, Prokofiev, Tchaikovsky, Strauss (Wed). Royal Festival Hall. (928 8800).

Fretwork Consort of Viols and Paul Nicholson (organ). Lawes, Purcell (Thur). Purcell Room, Royal Festival Hall. (928 8800).

English Chamber Orchestra conducted by Martin Brabbins, Joanna MacGregor (piano). Mozart (Sat). Barbican Centre (638 8891).

London Concert Orchestra conducted by James Blair, Piers Lane (piano). Tchaikovsky, Strauss, Grieg, Mascagni, Ravel. Barbican Centre (638 8891).

BBC Concert Orchestra conducted by Sir Charles Groves with Brenda Lucas, Peter Donohoe, Moura Lympany, Gordon Fergus-Thompson (piano). Elgar, Ogdon, Liszt, Chopin, Rachmaninov (Thur). Barbican (638 8891).

Paris

Pierre Amoyal, Alexis Weissenberg. Brahms: three sonatas (Mon). Salle Gaveau (45632030).

Valery Afanassiev (piano). Schubert Sonatas (Mon). Théâtre des Champs Elysées (47203637).

Ensemble Orchestral de Paris conducted by Mario Venzago, Annick Roussin (violin): Schoenberg, Haydn, Mozart (Tue). Salle Gaveau (45632030).

Orchestre National de France conducted by Jeffrey Tate/Ch. Tetzlaff. Schoenberg, Brahms (Thur). Théâtre des Champs Elysées (47203637).

Brussels

RTBF Young Soloists Ensemble conducted by Georges Dumortier with Daniel Rubenstein (piano) play Albinoni, Grieg, Mozart, Tchaikovsky, Vivaldi (Fri). Royal Music Conservatory.

RTBF Symphony Orchestra conducted by Andre Vandernoot with Andrei Nikolsky (piano) playing Liszt, Prokofiev, Schubert and Wagner. Palais des Beaux-Arts (Sun).

Oratorio Chamber Orchestra conducted by Dominique Jonckheere with Yoko Kikuchi (piano). Beethoven. Romanian benefit (Sun). Palais des Beaux-Arts.

Hans Memling Trio and the new Belgian Chamber Orchestra wind ensemble. Beethoven, De greef, Gounod, Hendrickx and Schubert. Palais des Beaux-Arts (Mon).

Vox Populi concert displaying different singing techniques with the Soviet Women's Chorus, Tran guang Hai, Mireille Capelle and other soloists. Palais des Beaux-Arts (Tues).

Milan

Jurij Bashmet (violin) and Mihail Muntian (piano) playing sonatas by Schubert and Hindemith and Benjamin Britten's Lacrymae (Mon). Teatro Alla Scala (80.91.26).

Bella Davidovich (piano), playing Tchaikovsky, Scriabin and Rachmaninov (Wed). Conservatorio G. Verdi (76001755).

Rome

Aldo Ciccolini (piano). Ravel and Franck (Wed). Teatro Olimpico (393304).

Michel Plasson conducting three works by Ravel (Sat, Sun, Mon, Tues). Auditorium in via della Conciliazione (6541044).

Frankfurt

London Symphony Orchestra conducted by Michael Tilson Thomas. Mozart, Ives and Strauss (Sun). Alte Oper.

Alfred Brendel piano recital. Haydn, Brahms, Weber, Mendelssohn and Beethoven (Thur). Alte Oper.

Berlin

Berlin Philharmonic Orchestra conducted by Zubin Mehta with Lothar Koch (oboe). Strauss, Mozart and Hindemith (Sun). Philharmonie.

Berlin Philharmonic Orchestra conducted by Carlo Maria Giulini. Schumann, Mussorgsky and Ravel (Thur). Philharmonie.

New York

Philadelphia Orchestra conducted by Riccardo Muti, with Patricia Schuman (soprano) and the Westminster Choir directed by Joseph Flummerfelt. Pergolesi, Cherubini (Mon). Carnegie Hall (247 7800).

New York Philharmonic, Erich Leinsdorf conducting: Haydn, Bruckner (Tue); Erich Leinsdorf conducting, Yefim Bronfman (piano): Prokofiev, Virgil Thomson, Tchaikovsky (Thur). Avery Fisher Hall (874 6770).

Emerson String Quartet. Beethoven (Thur). Grace Rainey Rogers Auditorium of the Metropolitan Museum of Art (570 3949).

Chicago

Chicago Symphony. Neeme Jarvi conducting, Lorin Hollander (piano). Kodaly, Saint-Saens (Thur). Orchestra Hall (435 6666).

Tokyo

Tokyo Metropolitan Symphony Orchestra conducted by Emanuel Krivine. Mozart programme. Suntory Hall (Mon). (822 0727).

John Scott (organ). Bach, Mozart, Liszt, Widor. Suntory Hall (Mon, Wed) (505 1010).

NHK Symphony Orchestra with Gunther Hogner (horn). Strauss. NHK Hall (Wed, Thur) (465 1781).

EXHIBITIONS

London

The Royal Academy: Frans Hals – the great retrospective, already shown in Washington and due to go on to Haarlem, of the work of one of the greatest painters of the 17th century Dutch school.

The Royal Academy. Inigo Jones, Architect – a full study and exquisite show of the intimate drawings and designs of one of the greatest British architects.

Paris

The Louvre. The landscape in Europe from the 16th to the 19th century with some 150 drawings by Rubens, Brueghel, Poussin, Rembrandt and others. Pavillon de Flore. Closed Tues, ends April 23 (40205151).

Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) or The Invention of Abstraction. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna-inspired symbolism to non-figurative canvases. 11 Avenue President Wilson. Closed Mon, ends Feb 25 (47236127).

Musée Carnavalet. Paris in daguerrotypes celebrates the 150th anniversary of the birth of photography with an exhibition of some 150 old daguerrotypes completed by 30 modern ones. 31, rue des Francs-Bourgeois. Closed Mon, ends Feb 28.

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends March 18 (40512838).

Brussels

Musées Royaux des Beaux-Arts. *Seventeenth century flower paintings*: a selection from the museum's collection of Flemish and Dutch masters. Closed Monday; ends Feb.

35th Belgian Antiques Fair. European Antiquities. Opens Monday, ends Feb 25.

Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends March 31.

Rome

Villa Medici and Palazzo Degli Uffici. A homage to Andre Masson: over 350 works by the French surrealist painter spread inconveniently over two sites, connected by a half-hourly bus. Ends Feb 15.

Galleria Nazionale D'arte Moderna. Jean Dubuffet. Immensely enjoyable exhibition which includes drawings, paintings and sculpture from the Twenties up to the last works of the early Eighties, with salient and illuminating quotations from Dubuffet's writings. Ends Feb 25.

Milan

Castello Sforzesco. Henry Moore retrospective. 49 sculptures covering the years 1939-1983, the larger of which are seen to excellent effect in the courtyard of the 15th century castle, while the smaller bronzes, preparatory studies and drawings are shown inside, in the beautifully lit Sala Viscontea. Ends March 25.

Palazzo Reale. Fernand Leger retrospective: includes over 150 works – paintings, watercolours as well as book illustrations. Ends Feb 18.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1956 and 1985. The exhibition focuses on four themes: Ladies, Crucifixions, Goya's dogs and Multitudes. Ends March 19.

Arco '90. International Contemporary Art Fair. Over 200 of the most outstanding galleries in Europe, America, Japan and will be represented at this fair. Ifema, Avenida de Portugal. Feb 8-13.

Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.

Fundacion Juan March. Ian Woodner collection of works by Odilon Redon.

Barcelona

Palau de la Virreina. Meret Oppenheim (1923-1983). Retrospective exhibition. Some 130 works by the German surrealist artist including paintings, sculptures, drawings, objects, collages. Ends March 26.

Frankfurt

Schirn Kunsthalle, Am Römerberg 6. The Surrealists. Around 500 paintings, drawings and photos are on display with works by Masson, Tanguy, Man Ray, Tanning and Ernst. Ends Feb 18.

Bremen

Kunsthalle, am wall 207. Gotthard Graubner: Painting on paper. 130 watercolours, gouaches and pictures with a mixture of technique by the 59-year-old artist are exhibited until Feb 18.

Hamburg

Kunsthalle Glockengiesserwall. Ian Hamilton Finlay with works from the French Revolution. Ten of the Scottish painter's projects including reliefs and 40 graphic works are on show until Feb 28.

Hanover

Kestner-Gesellschaft, Warmbüchenstrasse 16. A retrospective of the Spanish painter Joan Miro (1893-1983), with around 120 works on loan from Spain. Ends Feb 19.

Munich

Städtische Galerie im Lehmbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date.

Vienna

The Kunsterlaus is host to Mercury and the Muses, a vast collection of artifacts, documents and objects from Leipzig, on display for the first time. The collection, ranging over four millennia, contains treasures from Ancient Egypt, Greece and Rome and European painting from the middle ages to the 19th century. Ends Feb 18.

New York

Pierpont Morgan Library. The library's superb collection on Gilbert and Sullivan, including autograph scores and libretti, letters and memorabilia, is the centrepiece of this exhibit. Ends Feb 18.

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Tokyo

Tobacco and Salt Museum, Shibuya. The Way to Narita. Not Tokyo's international airport, but the nearby Shinsoji Temple, a major destination for pilgrims for many centuries. The exhibition features ukiyoe woodblock prints by Hokusai and Hiroshige, who date from the period when this pilgrimage was at its height. Closed Mondays.

Suntory Museum. Mission to Rome. In the early 17th century a feudal lord from northern Japan despatched a mission to the Pope asking Christian missionaries to come to Japan. This fascinating exhibition documents the failure of the delegation and the subsequent ban on Christianity that was to last over 200 years. Closed Tuesday.

Riccar Museum. Ukiyoe woodblock prints of the Meiji Era. Closed Tuesday.

Japan Folk Crafts Museum. Woodblock prints by Shiko Munakata, a pioneer of the arts and crafts movement in Japan.

ARTS

Alastair Muir

Helen Field and Alan Opie

La Traviata/ Faust

COLISEUM

The Pountney/Lazaridis *Traviata* was received with less than total enthusiasm when it was unveiled in the autumn of 1988 but, such is the power of the press, it has returned to English National's repertory with the salient features of its staging unchanged. David Pountney explains his approach in a long programme essay – *Traviata* as an expression of 19th-century sexual hypocrisy, redeemed by the compassion with which Verdi bestows upon the central character. Taken on its own terms his text seems hard to contradict; its translation into dramatic images is much less convincing.

The society off which Violetta lives is portrayed more realistically here than in the conventionally hearty stagings one sees – the men's potency reduced to the size of their wallets, the women's power as transitory as their good looks – a parable of male exploitation packaged as convincingly as anything in, dare one mention it again on this page, Dennis Potter's *Blackeyes*. The women are not out for a good time but desperate to keep their toehold in society; they would all clearly get out if they could and when Violetta succeeds in escaping she discovers a whole new set of rules apply.

All that is completely relevant, and reinforced by Pountney's own direct, clear translation; but it does not need the galleries of leering spectators or somnolent punters to haunt every scene, or the little corner of a cornfield that arises around the *chaise-longue* in the first act, or the constantly oppressive gilded and velveteen surrounds – more like some nightmarish Indian restaurant than a Victorian brothel to one of my sheltered outlook.

Helen Field repeats her Violetta from the first run, a beautifully affecting, integrated performance, with every gesture as thoroughly considered as every phrase, providing the core of compassion without which this staging would lose its credibility. Edmund Barham takes on Alfredo and gained in authority through the evening; early on he failed to generate any tension, though Martin Handley's slow tempi did not help him – but the end of the second act finally dispelled the last traces of stolidity. Alan Opie's Germont is another survivor from 1988, beautifully sung but not always dramatically focussed, and anyway in Pountney's order of things he is marked down as the personification of the ruling hypocrisy.

The rest are fitted carefully into the schema. The chorus, a little ragged to begin with, gathered more confidence, just as Handley's conducting gained in bite; he began by going for beauty of orchestral tone at the expense of dramatic force, but gradually loosened up. Not a totally successful evening then, but one full of ideas.

Andrew Clements

On Saturday, in the bright and bracing ENO revival of Gounod's *Faust*, Susan Bullock succeeded to the role of Marguerite. She can be heard in it tonight and next Thursday, and eminently deserves to be – especially amid this notable cast (the tenor Arthur Davies at his winning best, John Tomlinson doing Mephistopheles as a Billy Connolly with a golden voice). One hopes that the dress in which she's first seen has been changed; it may have suited Valerie Masterson, but not the strapping Miss Bullock. Nothing became her like losing it: once into a pregnancy-smock and haggard, she was radiantly simple and touching.

Her "Jewel Song" had been expert, but it wanted a knowing spark that could hardly come from the innocent soul she portrayed (the fault was Gounod's). Later in the garden scene and in subsequent distress she sang with full-throated subtlety, and she led a final trio that was thrilling, in high old-fashioned style. The conductor Alex Ingram, who has taken over from Jacques Delacôte, maintains full vitality and polish.

David Murray

The Price

YOUNG VIC

A few weeks ago it was Howard Barker; now Arthur Miller is the name is on everybody's lips. The Young Vic, under David Thacker's direction, has gone one up on the panoply of other theatres around the country bracing themselves for the millrace, by getting the dramatist himself to help with its revival of his family drama from 1968. It is a powerful piece which keeps its engines in its second act, roaring out of a surprisingly low-geared first half on an all-too-familiar jet of long suppressed sibling resentments.

Just four characters appear on stage: the middle-aged policeman, Victor, and his wife whose efforts to sell the long abandoned family furniture brings a canny octagenarian dealer huffing and puffing to their door, and Victor's smooth doctor brother whose unexpected return at the moment that the deal is being clinched throws a deal of dust into the works. But dominating the action, the characterisation and by extension this entire domestic universe is the silent absence of their dead father, a loser in the Wall Street crash and an imprint on an ugly green chair, whose bankruptcy imprisoned one son in uniform and propelled the other into a callous pursuit of wordly success. Only, nothing Miller writes is as simple as that.

The price of the title refers most obviously to the derisory sum negotiated for the contents of the apartment, which designer Fran Thompson has cluttered with a magpie's eye for the graceless lines of well-to-do turn of the century Americana. But inclusive in the bargain are the years of delusion and self-deception that make up Miller's nightmare vision of family life – a nightmare hinged on the deliberate and selfish withholding of affection, loyalty, trust and, of course, money. In the final reckoning no-one, in this world of emotional insolvency, can point a finger at the decrepit and ultimately innocent conniving of Mr Solomon.

Shoved into a back room while the family negotiations are taking place Alan MacNaughtan's wizened intelligence pierces the bluster in regular impromptu sorties to retrieve snacks from his briefcase or to entreat the harassed Victor to think again. His intrusions, and the scenes they interrupt which resound with the passions of Miller's marvellous speeches, gather up the strings of a first half that seems surprisingly diffuse, provoking titters rather than full-throated laughter.

It is as if Miller quite deliberately sets a dramatic problem, which is picked up in David Calder's portrayal of Victor as man pitifully diminished by the unfinished business of his life, who is not capable of fronting a dramatic confrontation any more than of striking a bargain, despite the urgings of Marjorie Yates' distraught but undiminished Esther.

It is not until the shadow of Bob Peck falls across stage and negotiations that the subtext begins painfully to emerge, showing just how cleverly Thacker has balanced the casting – the charismatic, disruptive force of one brother making a brutal contrast with the mouselike, impressionable anxieties of the other; each, in his way, more dishonest than the dealer who spends his time fleecing them. *C'est la vie.*

Claire Armitstead

Alastair Muir

Marjorie Yates, David Calder, Alan MacNaughton and Bob Peck

The Comedy of Errors

THEATRE ROYAL, BATH

The learned quotations that adorn the program suggest that the English Shakespeare Company's *Comedy of Errors* may emphasise some serious element in the play. There is nothing in Glen Walford's direction to support such an idea, though. The whole production aims at laughter, perhaps a touch too single-mindedly. Fishnets hang untidily over the curtain, but the Wagner that welcomes us as we enter is not the *Flying Dutchman* but *The Mastersingers*. The curtain goes up on a sea-shore, with two pavilions downstage, draped in transparent nets, mounted on little pillars. A boat faces us head-on that turns into Antipholus's Ephesus home. The setting is by Rodney Ford, the period-less costumes by Claire Lyth. A sound suggesting ships is heard, but this is clearly made by human voices; so is all the incidental sound throughout the evening.

Shipwrecked Egeon, bereft of wife and two sons, is a fair target for pathos, but Christopher Saul does not play him that way, even when Solinus, the portly, black Marcus Heath, has sentenced him to die unless he can find a thousand marks. Egeon's wife Emilia (Chrissy Roberts) is in one of the pavilions, but so enshrouded in nun's veils that we do not know who she is. We only wonder at the gestures with which she comments on the activities going on around her, which are often adorned with odd vocal sounds. The Ephesians greeted Egeon's tales of shipwreck with the gasps of a crowd at a firework display. The voices are controlled, the programme tells us, by that silent nun.

Shakespeare's farce is what Miss Walford gives us, played as comically as possible. Mark Anstee and John Elmes look pretty identical as the two Antipholi, and it would need a sharp eye, or a good knowledge of the text, to tell one from the other when they enter separately. The same goes for Charles Dale and Stephen Jameson as the skinhead Dromios; they each bear the ill-treatment that inevitably follows their wrong identification with the resignation of an insulted head-waiter.

The ladies of course have no artificial help to their comedy. Jill Brassington is as well-bred an Adriana as Ephesus is likely to offer, and Gina Landor an attractive Luciana. John Darrell gives Angelo the goldsmith the deeply respectable indignation that any swindled tradesman must wield, even in the Middle East. As Balthazar, Bob Hewis (who plays three other parts) allows himself more outward emotion; I enjoyed the threat of his twin short-swords. I much liked Aslie Pitter's officer. In Ephesus the cops go "chi chi chi" when they arrest you. When Egeon was first brought on, it sounded ke a steam-engine.

This production is sponsored by Lloyds Bank, also by Mike Edwards, who is in the travel business, and has contributed about one-third of the production expenses. After Bath, the production goes to 14 venues in the UK, then to Jerusalem, Kiev and Moscow.

B.A. Young

RPO/Ashkenazy

FESTIVAL HALL

The "Arrogant Genius" of the Royal Philharmonic's Wednesday programme in its series of that name would have been deemed by an unapprised listener to be Arnold Schoenberg rather than Richard Strauss as intended. The two works by the latter given in the first half – the symphonic poem *Till Eulenspiegel* of 1895 and the second horn concerto (1942) – were respectively impudent and autumnally assuaging; it was the second half's symphonic poem by Schoenberg, *Pelleas und Melisande* of 1903, behind which one sensed a force of genius truly unrelenting and unanswerable, albeit that the work is Schoenberg's most Straussian production.

To call *Till Eulenspiegel* impudent is in itself impudent, however, unless one adds that no music before or since embodies this quality in such a decisive and artistically satisfying way. There is no arrogance in the music, because it is completely yielding to the listener, provided only that it is performed with streamlined brilliance. The emotional velocity of the piece, its formal compression, and Strauss's limitlessly versatile orchestration demand a response from the players of quicksilver virtuosity. The piece will brook no hesitation or fudging in the matter of ensemble, and so it was that, alas, in this account conducted by Vladimir Ashkenazy, the pure impudence, never mind the imputed arrogance, of Strauss's genius failed to command attention.

Nor was the account of the late horn concerto particularly compelling. Barry Tuckwell played the solo part elegantly but without the zest and the crackle, the proud delineation of phrase, that the work, be it ever so lyrically reflective, still seems to require. There needed to have been more arrogance here, from soloist and orchestra alike.

But the performance of the Schoenberg was touched with genius. This early (Op. 5) masterpiece resulted from a suggestion by Strauss who recommended Maeterlinck's drama to Schoenberg as a possible operatic subject for him. Unaware that Debussy was working on such an opera, Schoenberg in any case veered from the lyric stage and made of the *Pélleas* story a four-movements-in-one symphonic poem in a recognisably Straussian mould and full of Straussian harmonies and figurations, particularly as furnished by the woodwind.

At the same time the atonal world of Schoenberg's subsequent music is intriguingly foreshadowed, and the work's frenzied climaxes look forward some 15 years to Bartók's ballet, *The Miraculous Mandarin*. The RPO, expanded to its full strength, made those climaxes biting indeed. The music's textural range – from mellow or sombre lower-strings writing to acerbic descants for reeds or trumpets – was brilliantly encompassed; its voluptuousness and terror were projected with equal abandon. Our sense of the great majestic flow of the work, to which all its yearning and upheaval are subject, was arrogantly ensured.

Paul Driver

Side Pockets

THEATRE ROYAL, STRATFORD EAST

A pool hall in Harlem, 1938, is the setting for this first full-length play by a young black American Aaron Iversonwho was discovered by the Theatre Royal's director, Philip Hedley, during a visit to Chicago. It is a short piece, played without an interval, which homes in on the middle aged owner of the roach-infested hall and the three young men who shoot at his table, each of whom represents a facet of the black American experience. Fred (Robbie Gee) is a worker, about to set off for Buffalo and a navvy's job on the railway; his brother Stan (Stephen Persaud) is a dreamer, who sports a jauntily angled trilby and carries a trumpet by way of handbaggage; their friend Ray (Sylvester Williams) is a likeable no-hoper who hangs around for want of any better way to spend his time.

What political consciousness they have revolves around boxing and the "big fight" between Joe Louis and Max Schmeling which is relayed by a crackly bar radio to a population with no access to the famous Yankee Stadium, but a passionate and personal involvement in the pitting of black against white. It is the only sanctioned outlet for the frustrations that dominate their lives, erupting into the menacing sound of distant rioting as the fight result brings the play to a close.

In its conception and its vision, this is a promising piece which is marred by stretches of flaccid dialogue: there is alengthy debate about roaches, for instance, which is not funny or significant enough to justify itself, while Iverson's experiment with two simultaneous conversations irritatingly masks an interesting analysis of antisemitism in the black community with a less interesting squabble about personal ambition and success, with the result that one can concentrate on neither.

The problems inherent to the play itself are compounded by a playing style that is restrained to the point of woodenness in the face of writing which demands the snap andcrackle of a company like Chicago's own Steppenwolf. The fleeting, fractious confrontations between brothers and friends are written to the brink of an physical violence that is entirely absent from Burt Caesar's production. Only Calvin Simpson, as the long-suffering hall owner, has the ability to make a mood out of understatement.

Claire Armitstead

Barry Manilow

LONDON PALLADIUM

"Write down standing ovation" said the helpful lady from Manchester who quickly cottoned on that I was not a front row regular at a Barry Manilow concert. I'd forgotten to bring a night light to hold aloft during the second half medley, or a placard saying "Choose me. I'm in the striped tie," essential to stand a chance for the hub of the show – the sequence when a member of the audience joins Barry on stage for a duet of "Can't smile without you" and a cuddle.

This heart stopping opportunity went to Dawn of the Pru who proceeded to sing her hero off the stage. Barry was impressed "She gives good knee" he said, presenting her with an instant video of the encounter. It's the kind of remark which helps to explain Barry Manilow's extraordinary appeal to respectable women. He is the nice, rather quaint looking little boy who sometimes goes delightfully too far. "He's so natural" said my Manchester co-writer.

Well, maybe. When he first appears on stage, all pink and powdered, he looks just like a Tussauds waxwork of Pinnochio after he'd told a few lies. But the rapture loosens him up and although he seems incapable of spontaneous speech – he is totally floored by some of the more outrageous offers from the audience – his programmed patter is disarmning. After he has called himself "Concorde hooter" and a "plonker" the critic just has to crumple up his notes.

He is presenting a lavish spectacle, first produced on Broadway, which for the first half follows young Barry from a rough part of Brooklyn to that momentous moment in 1974 when he tore off his tie, reached for his blow drier, and proved that the lowest form of show biz life – an audition piano accompanist – could become a star. Helped by members of one of his bands (he has two on stage – just in case) and some girl singers Barry acts out the years of struggle, and quite amusingly, too.

The second half shows the price the world has paid for his success – a flow of glutinous love songs and those Manilow speciality numbers in which greeting card mottoes are strung together to produce a re-assuring glow. "Its a long way up when you're coming from nowhere," he sings. "I'm gonna fill the air with music. Make the world a better place."

And he does for his fans, whose loyalty is legendary. Barry Manilow is no great singer; he does not go in for piano virtuosity; his attempts at macho groin grinding seem to cause him genuine embarrassment; his songs throw away some fine melodies under banal lyrics. Yet as you glance at the audience, staring with intense adoration at their fantasy, with smiles of pure happiness on their lips, you find you have a soppy smile on your face too. But unlike the lady from Manchester I will not be back for the re-tread tonight.

Antony Thorncroft

ARTS GUIDE

February 9-15

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play from Bernard's own writing. Ned Sherrin directs (437 2663).

A Little Night Music (Piccadilly). Fine revival by Ian Judge,imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The play is not very good but still worth seeing (379 5399).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. However, the lustre of the credits is dimmed by the brevity of each piece.

Rumours (Barrymore Theatre). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits (239 6200).

Cats (Winter Garden). Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has played at Joseph Papp's Public Theater for eight years. (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Winter's Tale (Goodman). Frank Galati directs a production that spans the ages, interpreting Shakespeare as running from Ovid and television. Ends Feb 17 (443 3800)

I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. Kabuki-za. Performances at 11am and 4.30pm. Of the three pieces in the matinee, the most famous is *Funa Benkei (Benkei in the Boat)*, which is set on a kabuki version of a noh stage. The evening programme features two short dance pieces and a full-length drama. (541 3131).

Bunraku. National Theatre. Performances at 11.30am, 3pm, 6pm. (265 7411). Each of the three programmes features a well-known love suicide drama from the 18th century. *Earphone guide in English.*

RSC to close down its London theatres

The Royal Shakespeare Company is to close down its London theatres, the Barbican and the Pit, for four months from November 5th, and to cancel its 1990 regional tour. The decisions should save it £1.3m and enable the RSC to break even in 1990-91.

At the same time Mr Terry Hands, the artistic director, is to ask the Government for an extra £2m (on top of its 1990-91 Arts Council grant of just over £6m) to bring the funding of the RSC up to the level recommended by the Government inspired Priestley Report of 1984.

Only three weeks ago Terry Hands was announcing a full 1990-91 season for Stratford and London. Since then the Board has looked again at the books and realised that the financial situation of the RSC is deteriorating rapidly. The Company is entering the new financial year in April with an accumulated deficit of almost £3m. Without the closures it would have a debt of £4.6m in a year's time, a shortfall which could threaten its very existence.

Its Barbican staff of around 70 will go on board wages, half their normal earnings, during the closure, which also means that the planned Christmas musical *Children of Eden* will be switched to Stratford in early 1991. But all the new productions planned from June onwards are now back in the melting pot while the RSC grapples with its crisis.

The decision comes at an odd time. Next week the RSC will announce the name of Terry Hands successor, obviously someone with a taste for a poisoned chalice. He, or she, will have a year in which to re-think the entire rationale of the RSC, a company which combines great critical acclaim, and an average box office of 75 per cent (well above West End standards – although lower than traditional RSC figures), yet suffers constant economic traumas.

In essence the RSC is hoping to force the Government's hand. The Arts Council will not cut back its grant even though the RSC is reducing its output, and its main commercial sponsor, Royal Insurance, should also stay loyal. But, if the Government is not convinced by its pleas, the closure next winter could mark the start of a large scale retrenchment by the RSC, which could mean that the company quits London altogether.

Antony Thorncroft

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A less cheery view of debt

THE PUBLICLY-owned quoted corporation may be an imperfect vehicle for the conduct of industrial activity. But in the light of the troubles that now beset recent leveraged buy-outs (LBOs) and junk bond financings, can anyone seriously argue that forms of ownership in which debt plays the dominant part offer a worthwhile alternative?

The short answer is that many will. Those like Michael Jensen of the Harvard Business School who have made extravagant claims for LBOs have anyway covered their tracks. If LBOs run into trouble more frequently than quoted companies, argues Jensen, so much the better. A faulty corporate strategy is exposed more quickly at little cost to the underlying businesses.

The wider case advanced by Jensen is that taking companies private on borrowed money provides the best way of eliminating the conflict between owners and managers, which is at the root of management's frequent failure to maximise returns to shareholders. He sees a dwindling role for the public corporation in a whole range of industries including steel, chemicals, aerospace, automobiles, paper and banking, as well as those like brewing and tobacco that have featured prominently in the buy-out boom.

Junk bonds

The strength of the argument lies in the target. Institutionalised equity ownership has conspicuously failed to cope with poor managerial performance in mature or declining industries and with the wasteful diversion of cash flow into unrelated businesses. The merit of junk bonds is that they can sometimes facilitate healthy restructuring, whereby sound businesses are released from a needlessly restrictive conglomerate environment.

But the case for such restructuring has been oversold; and not just by academics like Jensen who claims to believe that LBOs will transform US economic performance relative to the Japanese. The recent provisions and write-offs at First Boston suggest that some Wall Street investment bankers were quicker to grasp the fee potential of leverage than the risk to their own and their clients' balance sheets.

For all the propaganda, debt is considerably less flexible than equity. High leverage is unlikely to be uniformly appropriate in cyclical businesses such as steel, cars or paper. And as another US academic, Alfred Rappaport, argues in a riposte to Jensen in the current Harvard Business Review, companies are more than a collection of assets to be traded or taken private for one-time gain. They are dynamic institutions whose competitive edge is unlikely to survive frequent restructuring or bankruptcy.

Second thoughts

Substituting creditors for institutional shareholders may simply result in a different conflict of interest, in which investment bankers and managers are ranged in one camp against commercial bankers and bond holders in the other. And the creditors may not perceive an interest in continuing investment in research and development or plant.

As yet the evidence on this score is inconclusive. But recent findings by Warwick Business School in the UK to the effect that initial efficiency gains tend to be followed by below-average returns sound all too plausible. Meantime the creditors themselves appear to be having second thoughts, judging by the malaise in the junk market where the rating agency Moody's has downgraded the junk paper of RJR Nabisco, the biggest of all the buy-outs, which has just reported a fourth quarter loss.

Forecasts of the eclipse of the quoted corporation are thus almost certainly premature. The real question is what else can be done to address the problem where companies generate more cash internally than they can redeploy profitably in their core business. Part of the answer, according to Rappaport, lies in greater share incentives for management and compensation linked to the creation of shareholder value. And there is also room for more effective institutional gingering, along with tax systems that make it easier to return surplus cash to shareholders.

Modernising the Swedish model

THE SWEDISH Government's decision to impose price, wage and dividend controls should not be interpreted as a sign that the economic remedies of the 1970s will come back into fashion in the 1990s. These drastic measures are a response to a specific problem: the breakdown of collective bargaining in an overheating economy. They are not regarded in Stockholm as an alternative to Sweden's medium-term programme of deregulation and liberalisation, which will continue. Mr Ingvar Carlsson, the Prime Minister, and other policy-makers accept that Sweden must adapt if it is to prosper in an increasingly competitive world economy.

The emergency controls underline the erosion of support for consensual wage bargaining in the past decade. Before yesterday's announcement, Sweden was facing 8 to 9 per cent inflation, a big current account deficit and sluggish economic growth. In the past, unions and employers would have responded responsibly in this unfavourable macroeconomic environment and agreed sensible pay increases.

Today, no such accord seems possible. The employers have rejected the very concept of centralised bargaining, arguing that pay ought to be determined closer to the level of the individual enterprise. The unions remain keen on centralisation but are in no mood for restraint. The biggest union was seeking 14.5 per cent and threatening to paralyse much of the economy with selective strikes.

Emergency package

The Government had threatened sanctions if the social partners failed to agree a new wage norm. But the emergency package is tougher than expected. It is also alarmingly authoritarian. Mr Carlsson intends to bolster the wage and price freeze by imposing hefty fines on individual workers who dare to strike. Those who regard the right to strike as a fundamental freedom will be disturbed by fiscal penalties of this kind. Indeed, it is doubtful whether the Government, which lacks an overall majority, will gain Parliamentary approval for this and other controversial parts of the emergency package. Legal challenges also seem likely.

Right-of-centre critics argue that the wage freeze will be unworkable and accuse the Social Democrats of tackling the symptoms rather than causes of economic malaise. The root cause of the problems, they say, is excessively high taxation and a bloated public sector. British experience in the 1970s suggests the criticism has some force: incomes policies were initially successful but they led eventually to the "winter of discontent," the fall of the Labour Government and the rise of Thatcherism. It is possible that an economic package which went with, rather than against, the grain of market forces might have a better chance of success.

Employment pledge

Sweden may have been attempting the impossible in recent years. It has sought to liberalise the economy and contain inflationary pressures while maintaining a cast-iron commitment to full – if not overfull – employment. The tightness in the labour market has put intense upward pressure on wages and fed industrial unrest. Other European economies, such as France, have accepted a big rise in unemployment as a *quid pro quo* for other perceived benefits, such as more stable prices and higher productivity. The irony is that the level of unemployment needed to stabilise the Swedish economy would probably be regarded as perfectly acceptable in many other countries.

Mr Carlsson's measures are unlikely to solve Sweden's economic problems. But they may serve a political purpose by providing a pause during which politicians can seek agreement on a better way of running the economy. They may also bring home the scale of the economic tasks ahead. Yet there is still much to admire in the Swedish model: the quality of social services, although perceived to be falling, is probably higher than in many other apparently more dynamic economies. The challenge is to sharpen personal incentives while retaining a commitment to social justice. The model needs modernising, not dismantling.

Alice Rawsthorn reports on the ambitions of Japan's advertising agencies

In the land of the soft sell

The streets of Tokyo are steeped in advertising. There are billboards on street corners and neon signs on buildings. Crowds of commuters congregate in the city's squares to stare at the commercials on vast video screens.

The billboards, neon signs and video screens are all the legacy of the extraordinary buoyancy of Japanese advertising in recent years. Japan is the world's second largest advertising market and, since the mid-1980s, it has grown at breakneck speed. New advertising agencies have opened across the country.

So far these newcomers have had little success in challenging the power of the established agencies – Dentsu, the world's biggest single agency, and Hakuhodo – which have dominated Japanese advertising for decades. Conversely the large Japanese agencies have made little progress in moving into other countries.

All that is changing. The international advertising industry is becoming increasingly competitive and complex. The Japanese agencies are much more ambitious about their own overseas expansion. The Western agencies are redoubling their efforts to move into Asia. Japan now faces the challenge of establishing itself as a force in international advertising.

The boom in Japanese advertising began in the mid-1980s, when the rising yen and the political pressure to reduce the swelling trade surplus encouraged Japanese corporations to redirect their energy away from exports towards the domestic market. The government programme of deregulation – in sectors such as financial services – also created a new source of business for the Tokyo and Osaka agencies.

At the same time the flow of imports has risen rapidly fuelled by the strength of the yen and the apparently insatiable Japanese appetite for luxury Western goods. The streets of Tokyo are full of women in Chanel scarves and carrying Louis Vuitton luggage. The Western luxury goods groups have invested heavily in advertising to attract the new generation of conspicuous consumers.

The Japanese media have flourished. The streets and subway stations are plastered with advertising posters. The breaks between TV programmes are crammed with commercials. The news stands are stuffed with new titles: from the soft-porn "business" comics devoured by blue-suited salary men to the style magazines bought by Tokyo teenagers.

TOP 10 JAPANESE AGENCIES

By gross income in 1988

1. Dentsu	$1,229m
2. Hakuhodo	$522m
3. Dai-Ichi Kikaku	$142m
4. Daiko	$140m
5. Tokyo Agency	$135m
6. Asatsu	$105m
7. I&S Corporation	$97m
8. Yomiko	$90m
9. McCann-Erickson Japan	$88m
10. Asahi	$71m

Source: Advertising Age.

Advertising has flourished too. It accounted for 1.2 per cent of gross national product in 1988, compared with 1 per cent in the early 1980s. The overall level of marketing expenditure rose by 12 per cent to Y4,418bn (£19.5bn) in 1988 and showed similar growth last year. The number of Japanese ad agencies has risen from 3,500 to 4,000 according to the Ministry of International Trade and Industry.

The growth of the advertising industry has spilled over into other sectors – such as video production and graphic design – which provide services for the ad agencies. There is even a coterie of Western models, photographers and stylists in Tokyo imported to lend a fashionably Western style to Japanese advertising.

Despite all this activity the balance of power in the industry has remained surprisingly stable. The new agencies have been unable to challenge the position of Dentsu, which still accounts for almost a quarter of all the money spent on advertising.

Dentsu is not an ordinary advertising agency. It is one of the most important influences on Japanese culture. Karel Van Wolferen, the Dutch writer, described it as doing "more than any single corporation, anywhere in the world, to mould popular culture."*

Dentsu's domestic billings of more than Y1,100bn are more than twice as high as those of Hakuhodo – its closest competitor with just over a tenth of the market – and almost as high as those of all the other top ten agencies combined. It has been able to protect its power base partly because of its influence over the media.

Dentsu is the biggest single source of business for the Japanese media. It buys one in every five Japanese newspaper advertisements and one in every six advertisements in magazines. The sheer strength of its buying power means that it almost always commands the best space in the press. Dentsu also – or so it is said – exercises influence over the editorial content of newspapers and magazines. It is said to be able to "persuade" publications to drop embarrassing articles about prominent clients or powerful political contacts.

Dentsu exercises even greater influence over television. It holds significant – albeit minority – investments in several television stations, programme production companies and even the main audience measurement body. It is also responsible for a third of the Y1,316bn spent on television advertising.

The Japanese television market is divided equally between "spot commercials," which are placed in the conventional way between programmes, and "programme advertising" in which an agency organises sponsorship and helps produce the programme.

Dentsu is involved with half of all the prime time programming on the five national television channels. One of its programmes, *Mitokoamon*, an adventure series sponsored by National Panasonic, has been running in the same slot every Monday evening for years.

It controls half the national prime-time programmes, and Hakuhodo is involved with another fifth. Any company keen to advertise on Japanese television has no real alternative to the two main agencies.

In other countries, where the relationship between advertising and the media tends to be tightly regulated, Dentsu's power – and probably that of Hakuhodo – would almost certainly have been constrained by political intervention. But both agencies have close links with the Japanese Government. Dentsu, in particular, has an impressive array of *jinmyaku*, or political contacts. Over the years it has found sinecures in its offices for the offspring of politicians and industrialists.

Dentsu and Hakuhodo are also protected by the fact that the Western concept of "client conflict" – which prevents agencies from working for more than one client in the same industry – does not apply in Japan. Hakuhodo works for all the main Japanese car companies. This means in theory there is no limit to the growth of an individual agency, and in practice it is difficult to see how Dentsu and Hakuhodo's power could ever be threatened.

If it has been difficult for the new Japanese agencies to gain ground, it has been doubly so for the US and European companies, which have also had to come to terms with the idiosyncrasies of Japanese advertising.

The absence of client conflict is only one of the differences between Japan's advertising system and the US model used in the West. Western agencies tend to specialise in advertising. Their Japanese counterparts are involved in every area of marketing, from sales promotion to public relations.

The Japanese agencies also have longer relationships with clients and employees. The Tokyo advertising industry is free from the account gains and losses, the hirings and firings that characterise the industries in New York, London and Paris.

Similarly the style of Japanese advertising is different from that of the West. US agencies tend to specialise in "hard sell" and UK agencies in wit. The Japanese favour the subtle approach of "soft sell." Moreover they delight in visual puns and riddles which are often inexplicable to the Western eye.

Over the years a succession of Western agencies has tried – and generally failed – to move into Japan. Most have abandoned attempts to set up their own businesses in favour of joint ventures with established Japanese agencies.

McCann-Erickson and Lintas, the agencies owned by Interpublic of the US, have joined forces with Hakuhodo. Dentsu is involved with Young & Rubicam of the US and Eurocom of France. Asatsu has an agreement with BBDO, part of the US-owned Omnicom network. Dai-Ichi Kikaku is linked to DDB:Needham, another Omnicom subsidiary.

The most successful liaison is that of Hakuhodo and McCann, which is the only overseas joint venture in the top ten Japanese agencies. And even that company tends to concentrate on accounts for Western clients.

The only consolation for the Western agencies is that their Japanese rivals have been equally unsuccessful in their overseas ventures. Dentsu made its first attempt to move outside Japan in the 1950s when it followed Toyota into the US. The American venture was not a success and Dentsu beat a retreat from the US. Toyota stayed and appointed a local agency.

Dentsu, like the other Japanese agencies, has since concentrated on consolidating its position in the domestic sphere. One by one its clients have moved into the West and have appointed local agencies to handle their advertising. Dentsu is involved in a successful joint venture – HDM, the international network it owns with Y & R and Eurocom – but its own overseas interests are tiny.

Year after year Dentsu tops the league table compiled by Advertising Age, the US magazine, as the world's largest advertising agency. Yet last year less than a tenth of its billings came from outside Japan. The other agencies are in a similar position. Almost all the major Japanese agencies work with Western partners on Japanese joint ventures, yet they have been slow to exploit those links in other countries.

In many ways it is easy to understand why the Japanese have been so reticent on the international front. First, there is the problem of adapting to a different advertising system. Second, their own market has been so buoyant that there has been little pressure on them to move abroad.

There is no sign of a slowdown in the Japanese market for the foreseeable future. But the large agencies are aware that there must come a time when it loses momentum.

Moreover the Western agencies are becoming increasingly active in Japan. FCB:Publicis, the partnership between Foote Cone & Belding of the US and Publicis of France, is negotiating with potential partners. Ogilvy & Mather, part of the WPP Group of the UK, also plans to return to the Japanese market.

Dentsu is aware that time is running out if it is to establish itself as an international presence. Two years ago Mr Gohei Kogure, its new president, created a senior management team to co-ordinate its overseas expansion. Dentsu has decided that the traditional approach of starting up new agencies is too slow. Instead it intends to join forces with an established western network, either by buying a minority stake or by outright acquisition.

If Dentsu becomes more active overseas its competitors will almost certainly follow suit. Hakuhodo has already announced plans to establish an international network. It might do so by developing its links with Interpublic. Asatsu could follow suit by extending its links with Omnicom.

But it remains to be seen whether Dentsu, and the other Japanese agencies, will succeed in their international ventures. After all, they may be no more successful at addressing the very different disciplines of Western advertising than their international competitors have been in adapting to the rituals of advertising in Japan.

**Karel Van Wolferen, The Enigma of Japanese Power, Macmillan.*

OBSERVER

Paris after Nureyev

■ Patrick Dupond has always been the darling of Paris ballet lovers: young, gifted and French, he had everything to win their hearts.

His stardom was assured when he won the prestigious Varna gold medal in 1976, at the age of 17; recently he has been artistic director of the Nancy Ballet.

Thus his appointment as dance director of the Paris Opéra, replacing Rudolf Nureyev, is likely to delight the French public. He may find it harder to convince the international ballet world.

Dupond will step into a political maelstrom of the sort that has been a permanent feature of the Paris Opéra for over two years – ever since the appointment of Pierre Bergé, chairman of the Yves Saint Laurent fashion company, to head both the brand new Bastille Opéra and the old Opéra in the Palais Garnier, henceforth to be devoted to dance.

First Daniel Barenboim resigned in a huff as musical director of the Bastille Opéra. The appointment of Myung Whun Chung, a 36-year-old Korean conductor, has failed to satisfy the sceptics, and many doubt that the Bastille will be ready to open as planned on March 17, with Berlioz's Trojans. Then Nureyev fell out with Bergé over the management of the Opéra's ballet side.

Dupond, who is 30, yesterday dismissed criticism of his appointment on the grounds that he is too young. But his contract obliges him to dance at least 20 times a year with the Paris Opera ballet, and most of the criticism is likely to centre on his combining of dancing and directing.

The precedents of Mikhail Baryshnikov at the American Ballet Theatre, not to mention Nureyev himself in Paris, are not encouraging.

Bergé, meanwhile, is taking a tough line in negotiations with Nureyev on keeping his productions in the Paris repertoire; in particular, he refuses to allow Nureyev control over the casting of his ballets.

"It is not conceivable that someone who is not here in Paris, who does not know the dancers, should choose the casting in between two aeroplanes," Bergé said, adding that many of Nureyev's choreographies were just reworkings of Petipa.

Top burgers

■ Internal rivalry is continuing in the hamburger market. Until the opening of McDonald's in Moscow's Pushkin Square at the beginning of this month, the busiest of the 11,000 McDonald's in the world was Tsuen Wan in the Kowloon area of Hong Kong. Transactions run at around 14,000 a day. Pushkin Square went straight to 16,000.

Daniel Ng, a venture capitalist who is managing director of McDonald's in Hong Kong, was in Moscow for the jamboree launch. He says he had to queue over an hour for his burger. Thus he predicts that Moscow's lead will not continue.

Of the world's nine busiest McDonald's last year, each with over 2m transactions, five were in Hong Kong. The others were in Budapest, Munich, London's Strand, and Belgrade.

"Do they know about this north of Watford?"

Giordano's rule

■ Richard Giordano has no truck with fellow business leaders in Britain who complain and whinge about short-termism. Yet he shares their view that a short-term bias "has crept into every nook and cranny of our industrial and commercial life", as he put it last night in a lecture at the London Business School.

The American-born chairman of BOC, who is more widely known for his once fabulous salary and his honorary knighthood than for his record at the head of the multinational gases group, took a wry view of the short-termism phenomenon.

It had, he said, inspired "a great deal of finger-pointing." Industrialists blamed bankers, bankers blamed the stock market, the stock market blamed pension fund managers, and everyone blamed the government.

In reality, he argued, there were no single villains in the piece. Short-termism was a product of many factors, of which high interest rates and perceptions of risk were only two. Given the congruence of factors, it was here to stay.

Giordano's lecture on "strategy as revitalisation" detailed the way BOC had recovered from its problems in the early 1980s, before going on to mount a successful campaign of global expansion. He demonstrated how companies can live with short-termism, and thrive: it is by no means impossible to perform the balancing act of thinking and acting long, while still producing results in the short-term.

Foggitt's cat

■ Blackie, the cat that belongs to Bill Foggitt's neighbour in Thirsk, is in a state of near exhaustion due to the violent gales that have been sweeping across the country.

"Every time a gale is on the way Blackie dashes around the garden like something possessed," said Foggitt.

The most memorable occasion was before the hurricane of 1987, which Foggitt forecast by checking the plummetting barometer against the demented antics of the black cat.

Foggitt blames the gales on the mild weather. "Warm air rises, so cold air from the west is coming in to fill the vacuum. That's my theory at any rate," he said.

He counted five nights and three days of gales in January with three nights and two days of high winds already this month. He recalls the same happened in 1968 when one gale gusted to 134 mph in Westmoreland.

A poor summer followed and a whirlwind hit Thirsk on July 2 that year. "It lasted about three minutes and left reddish coloured sand which was supposed to be from the Sahara on all the cars."

Foggitt was intrigued to hear from Observer that Punxsutawney people in the US watch out for groundhogs on Candlemas Day (February 2) to see whether they cast a shadow, predicting more cold weather. "In Thirsk we watch for hedgehogs in the same way," said Foggitt. The last shadow was in 1967.

Cover note

■ From a Haywards Heath, West Sussex, car rental company's brochure: "Our service includes fully *comprehensible* insurance." Now that's a comprehensive change!

POLITICS TODAY

Change riding on the crest of a wave

By Joe Rogaly

The tidal wave that is breaking in eastern Europe and the Soviet Union has already begun to affect some of the outlying rock pools, of which Britain is one. I cannot tell precisely how, for the wave is so new that its turbulence is still muddying the waters. But Europe is being overturned as the century draws to a close.

This perception underlies political conversations everywhere. You can hardly have a discussion with a member of the British Government, or indeed the Opposition, without use of the name Gorbachev in the first minute or so. The concept of a unified Germany follows very shortly afterwards. This is not surprising, since there is no Westerner possessed of even the slightest degree of political consciousness whose thinking has not been moulded to some degree by the geopolitical patterns set by the 1917 Bolshevik revolution and the Second World War.

All that we have been taught, or taught ourselves, is now under challenge by a continuous barrage of news about developments that were previously considered impossible. The gathering speed of this barrage is as dizzying as its natural force. Six weeks ago the British Government's view of what to do and say about Poland, Hungary, Czechoslovakia and even East Germany was predicated on the belief that the predominance of the Communist Party of the Soviet Union would persist for some years to come. That premise was swept away on Wednesday. The consensus on the likely timing of the unification of Germany, or the form it might take, changes every hour. Mr Gorbachev, the man on the flying trapeze, performs ever more daring somersaults and always lands safely – so far.

It is hardly any wonder that one has a sense of a British Cabinet whose collective mind is forever contemplating the possibility of a forced change of stance, and as often withdrawing into the comfort of words about caution, great international gatherings, step-by-step approaches, and the like. The Foreign Secretary, Mr Douglas Hurd, has been doing much of the talking, both to his ministerial colleagues and in public speeches. He has managed, with his customary skill, to give a semblance of coherence to propositions that must of necessity be hastily conceived, fragmentary, and subject to constant revision. The Prime Minister, whose concern about a united Germany has not been diminished by the prospect of it happening sooner rather than later, gives the impression of ever more frequent searching in her handbag for reliable first principles upon which to base unshakeable convictions. She is good at that; the difficulty at present is that the facts keep changing more often than she can bring out the first principles which best fit them.

Thus she was obliged to admit in the House of Commons on Tuesday that the maintenance of a particular stable of short-range nuclear weapons, which was such an unshakeable principle a few months ago, might now have to be thought through again, presumably on the ground that their previous targets – East Germany, Poland, etc – are no longer likely targets. "The changes and negotiations that are taking place will require some differences in the weapons that we need," she said, "but those can be brought about only by agreement with our Nato partners." To which a fair supplementary question, asked fortnightly or so for the rest of 1990, might be – yes, but what is the likely future shape of Nato?

Again, just a few weeks ago Mrs Thatcher's principal stated reason for a cautious approach to German unification was that she had no desire to jeopardise the position of Mr Gorbachev. No sooner were the words out of her mouth than Mr Gorbachev indicated that he accepted the idea of a united Germany. After she met President Mitterrand in Paris last month the talk was of a transition period of several years for East Germany to join the Federal Republic. That sounds hardly credible today. The American view, as of yesterday, was thought to be that unification would take place within a year. What odds would you give against unity by Christmas?

The same onrush of history has begun to threaten her principles on defence expenditure – the very first of which is, stick to existing dispositions for as long as possible. Mrs Thatcher's natural concern is that public opinion will become swept along by talk of a "peace dividend", thus adding to the clamour for disarmament at an imprudent pace. You could say that this is already beginning to happen in the United States. President Bush's recent proposals for further troop reductions in Europe were not initially welcomed by the Prime Minister, although in public she has rallied to the flag of transatlantic solidarity.

None of this means that Mrs Thatcher's domestic political position will be worsened by the historic news from the East. It could be improved. She is milking to the last drop her early "discovery" of Mr Gorbachev before he took charge in the Soviet Union. She will visit the Soviet Union again possibly more than once, before she next faces the British electorate. Her status within eastern Europe – as a symbol of dogged determination to defend pluralist democracy – is an asset she can reasonably exploit at home. As to the "peace dividend," the Conservatives could do very nicely out of a transfer of a billion or three from defence to education, health and public transport next year. They would not be accused of doing so lightly. Their credentials on this issue are too solid for that. The Labour Party is less well-placed. It can call for defence cuts, but only at the cost of arousing inherent suspicions of its defence policies.

The chairman of the Conservative party, Mr Kenneth Baker, will be well aware of all this, although he never says anything that contradicts the party line of the moment. He does know, however, that the background against which the next British general election will take place is constantly changing. The French Revolution was his special subject at Oxford. He has been musing over the fact that what was then spread over periods of years now seems to take place in a matter of weeks, as Communist parties everywhere seem to give up the ghost. He will soon set off on a tour of East European capitals, in answer to requests to Conservative Central Office for advice on forming political parties (presumably conservative). The common question is what are the precise mechanics of a free election?

Mr Baker could answer that without any difficulty. A more profound question, applicable in his own country, might be, what will be the ideological background against which the next general election is fought? The events in the east have struck down communism, or serious socialism, as runners in a free contest. The choice is now between capitalism with a minimalist approach to state expenditure and capitalism-plus-social spending. The latter is called social democracy. The Labour Party is striving very hard – not, in Mr Baker's view, hard enough – to be a social democratic party. Mr Baker's electoral strategy is principally to keep his fingers crossed while the Chancellor, attempts to reduce inflation. Beyond that, Mr Baker will, first, attack Labour as imperfectly reformed and not credible as an economic manager, and, second, proclaim the achievements of the Thatcher years.

Labour's leader, Mr Neil Kinnock, has been at a gathering of European socialist parties in Berlin this week. He faces a little local difficulty when he gets home. For Mr Peter Mandelson, the principal architect of Labour's still imperfect social democratic image, is to step down. A new Director of Communications will be needed. In electoral terms Mr Mandelson's job is as important to Labour as that of Mr Baker is to the Tories. The analogy in the US is the post held by Mr James Baker when he won the presidential election for Mr George Bush in 1988. Mr Mandelson will not leave until a successor can be found and settled in. That could take all the rest of 1990, but he is understandably feeling the pull of his new constituency of Hartlepool, where he was recently adopted as the the Labour candidate. He wants to get in there and start his personal campaign. Mr Kinnock is sure to wake up before the summer is out to the realisation that he had better have a new strategist/publicist up and running well in advance of the next general election.

Whoever it is will find the Mandelson strategy waiting for him. This is to sharpen Labour's image as a party that is friendly to markets, while yet concerned about areas where public spending is thought necessary. Much will depend upon the new Mandelson's ability to cure Labour speakers of the habit of trimming, by using phraseology that appeals to the party's atavistic self while proclaiming policies that really are non-socialist. Labour's campaign themes will be technology and training, Europe and the environment. The first is a promising line, although it will be less so if the Conservatives start to shift money from defence to schools, colleges and research institutes. The third will depend on what Mr Christopher Patten can persuade the Prime Minister to let him put in his midsummer strategy paper on the environment. It is Europe that may need constant revision as the breakdown of the pre-1989 order on the continent proceeds.

When the time comes, late next year or early in 1992, it will be a two-party race, with, fate willing, Mr Kinnock and Mrs Thatcher head to head. The Labour leader's very lightness may enable him to be more flexible as things change; the Prime Minister's image as a more serious person than her opponent may shift opinion the other way. It may be, however, that events well beyond the control of either of them will carry the greatest weight. For example, ask yourself how well social democracy, wholly free of Labour party fudge, might sell in Britain if sister parties turn out to be in charge in a united Germany and a number of formerly Communist states in eastern Europe. Seal the answer, hide it, and look it up in 1992.

LOMBARD

Pay, perks and politics

By Philip Coggan

THOSE UK citizens who receive social security benefits know full well that if they find themselves a job, their benefits will be scaled down as their income rises. One effect of this – the poverty trap – has been much criticised but the general principle that state support should fall as earnings rise is almost universally accepted.

So why, when MPs accept lucrative jobs outside Parliament, do they continue to receive a full salary? The state, as the Government has repeatedly told us, has many claims on its purse. There are insufficient funds to pay ambulance workers the increase they demand or to upgrade our education or transport systems.

In the 19th century members were not paid at all. But the arrival of the Labour Party meant that there had to be compensation for MPs without independent wealth. Gentlemen were gradually replaced with players.

Since then there have been few votes on increasing MPs pay. But it has been hard to have a sensible debate about what politicians are paid for. Members' salaries would seem to have one of two purposes. The first is reward in terms of work done. While such value might be provided in full by many members, the register of outside interests suggests that the majority do not regard it as a full-time job.

MPs can hardly argue that they are short of tasks to perform. There are debates to attend, speeches and votes to be made, written questions to ask, letters to answer, constituents to visit and lobbyists to be appeased. All that ought to require five days a week.

So any outside interests must be detracting from the MPs' regular work. Would a civil servant be allowed to spend two days a week as a car salesman and still expect to be paid in full? The answer would be no. The taxpayer's interests are paramount.

Now we can all wish Nigel Lawson good luck in his jobs at Barclays and GPA. He is a clever man and he wants to provide for his wife and family. But the voters of his constituency, Blaby, might not feel they are getting value for their £26,700 a year. Of course, when Mr Lawson was Chancellor he probably had little time to help with cracked pavements on Blaby High Street. But at least the nation was given the benefit of his wisdom at the Treasury in return for a Cabinet minister's salary of £56,700.

The second function of MPs' salaries must be compensation for giving up potentially more lucrative careers in other professions. This is an argument extended to few other professions – could, one wonders wistfully, financial journalists claim compensation for not working at merchant banks? Most people live and die by the free market when it comes to wage setting and it seems, judging by the number of candidates for each constituency, that MPs' remuneration is not considered to be inadequate.

Even if one grants MPs the need for compensation, that argument can hardly apply to those members who continue to pursue outside careers. And there are a large number of MPs who secure outside jobs because of their Parliamentary connections. Surely taxpayers ought to see some benefit from this valuable offshoot of a Parliamentary career.

The principle that ministers should limit their demands on the public purse is already accepted by Mrs Thatcher. Having married a wealthy man, she receives far less than her Prime Ministerial entitlement.

So why not a clawback scheme for other members? To avoid creating a Parliamentary version of the poverty trap one could deduct, say, only 50p for every £1 in extra-curricular earnings. The taxman would take account of the net position. So their outside income could rise to £53,400, a decent enough salary by any standards, before they lost all payment from the state.

The public purse would benefit. A few MPs might devote more of their time to their duties. And if a few barristers or bankers were persuaded to stay in their professions rather than run for office, Parliament would hardly be the loser. Indeed, its social profile might start vaguely to resemble that of the people it represents.

LETTERS

Inflation and Japan's consensus of expectations

From Mr Ronald Dore.

Sir, Mr Crump and Mr Woronoff (Letters, January 26 and February 5) seem to feel that because there are some nasty things in the Japanese woodshed we should never applaud when they do some things sensibly.

The point I wanted to stress (Letters, January 22) was that the process of debate in which the employers' organisation, Nikkeiren – yes, the hawkish Nikkeiren, – takes part, is a debate in advance of the annual negotiating season which focuses on "what the economy can afford" and does serve to create a consensus of expectations. It helps to establish, before the bargaining starts, a prospective "going rate" – the advantages of which for controlling inflation Richard Layard rightly stressed ("The fallacy about productivity and pay," January 31).

Of course it does not create a moral consensus – an agreement between unions and employers about what the "going rate" ought to be – any more than it would in Britain if the TUC and CBI were to commit themselves to a similar kind of public debate. But it does narrow differences on the parameters that go into the "ought" arguments too, and in any case it is the consensus of expectations that is important for controlling inflation.

Meanwhile, in the absence of any clear sense of a "going rate" our pay settlements leapfrog along, with every union bargainer trying to discount for the inflation which previous settlements seem to portend. The Director-General of the CBI, Mr Banham, may believe (Letters, February 5) that he can cure by exhortation the "lingering addiction" to an inflation-compensation starting point for wage demands. I doubt it.

The Japanese accept it as inevitable that grown-ups will insist on bargaining about real not nominal wages. And they seem to be doing rather well with what he scorns as "the corporate state mentality of the 1970s."

Ronald Dore,
Japan-Europe Industry Research Centre,
Imperial College,
Exhibition Road, SW7

No US lead

From Ms Allegra Johnson,

Sir, William Dullforce ("US and Japan submit plans to free textile trade," February 6) failed to analyse the US proposals in sufficient detail.

Whilst "globalisation" may appear to denote a liberal and egalitarian approach, it is acknowledged by the European Commission that the plan as tabled would be a protectionist device. It would apply global quotas at US shores, thus replacing Multi-Fibre Arrangement IV by an even less free market system.

As for "tariffication," it is so clearly unacceptable to the less developed countries that it does not stand much chance of getting off the ground. Thus the US is not somehow "taking the lead in textiles and clothing in the Uruguay Round." It is still pandering to its over-protected textile industry.

Allegra Johnson,
EPRO,
19A Avenue Marnix, Brussels

Magnitude of the task facing Mexico

From Mr Ian Shepherdson.

Sir, Stephen Fidler's latest analysis ("Mexico rebuffs criticism of controversial debt deal," February 1) of the Brady initiative as applied to Mexico alludes briefly to the need for that country to continue the reforms of its economy.

The magnitude of the task facing Mexico is illustrated by the table which projects the country's post-Brady interest payments as a percentage of exports forward to 1993, under three different assumptions of compound export growth.

Export growth rate

Year	0%	5%	10%
1990	25.9	24.7	23.6
1991	26.1	22.8	21.5
1992	26.2	22.6	19.7
1993	26.2	21.5	17.9

$ Libor assumed to be 9.1% (rough average for 1989)

As the table shows, Mexico's export performance over the next few years is crucial. Mexico achieves the oft-vaunted 20 per cent figure only in the most favourable scenario of 10 per cent compound annual growth, and in the worst case the ratio actually rises after the initial fall due to the deal (pre-Brady, interest payments were roughly 29 per cent of exports). In 1988, the latest year for which International Monetary Fund figures are available, Mexico's exports (merchandise plus other goods, services, and income) grew by 6.5 per cent.

As Mr Fidler points out, the oil price is moving in Mexico's favour, but in order to reach a sustainable debt service position Mexico will need a prolonged period of substantial export growth.

Ian C. Shepherdson,
Loughborough University Banking Centre,
Loughborough, Leicestershire

Clearing the air

From Mr Richard Branson.

Sir, With regard to your item ("Air freshener," February 7) on Virgin's non-smoking flights, for the sake of clarity I would like to point out that we are not offering non-smoking flights only – but a choice.

The majority of our flights will be open to smokers, but we are introducing a third 747 to New York that will be a completely non-smoking plane. If this experiment works we will introduce more non-smoking jumbos on other routes.

Richard Branson,
Chairman,
Virgin Group,
120 Campden Hill Road, W8

Fair likeness of the headhunter

From Ms Helena Watson.

Sir, As the author of the Economist Publications report on Executive Search, I feel I should disentangle Mr Holberton from the headhunters' cordon which so exercised him ("Executive search – a self-defeating cordon," February 5). He states that the problem of cordoned-off "off limits" areas drives headhunters into "promiscuity" when in fact the report makes it clear that it pushes them in the opposite direction – towards deeper relationships with fewer clients. They have no need of new clients; their craving is for repeat business.

Once this point is grasped, the response to our survey – which he describes as "generally low" – appears in a different light. Since it is possible (where effective deep relationships have been established) for a headhunter to undertake more than 20 assignments for one client over three years, the 19 clients of Egon Zehnder who responded could theoretically represent 80 per cent of the total 500 assignments it claims to have done in the UK between 1986/87 and 1988/89.

The survey response should also be viewed in the light of the secrecy/necessary discretion of the industry both on the part of search firms and their clients. Against this background, the ratings of search firms received from some 100 of the Times top 300 represent a significant breakthrough.

There was also unprecedented openness among the 167 European search firms questioned. The views of the search firms were profoundly researched precisely to avoid the kind of easy caricature suggested by the word "promiscuity" and to explain more sensitively the minefield of ethical dilemmas through which the headhunter has to tread.

Helena Watson,
The Economist Publications,
40 Duke Street, W1

London pride

From Lady Porter.

Sir, As a long-time advocate of directly elected executive mayors, I am pleased to welcome you aboard the campaign ("A government for London," January 30). But it is misleading to suggest that the shabby state of many London streets is due to the lack of a strategic authority for the capital.

The main problem is that most Inner London boroughs lack any sense of civic pride, are indifferent to the core service that ought to be provided and still waste huge sums with little practical result.

We spend three times as much on litter collection as Camden yet our Community Charge will be much less. Rent arrears in Labour-controlled authorities are enormous; hostility is still the main preoccupation. London's problems are not constitutional but political.

Lady Porter,
Leader of the Council,
Westminster City Council,
City Hall, Victoria Street, SW1

FINANCIAL TIMES
Friday February 9 1990

CALIFORNIA SLICK

US oil spill sparks call for tough legislation

By Louise Kehoe in San Francisco, Maurice Samuelson in London and David Thomas in Washington

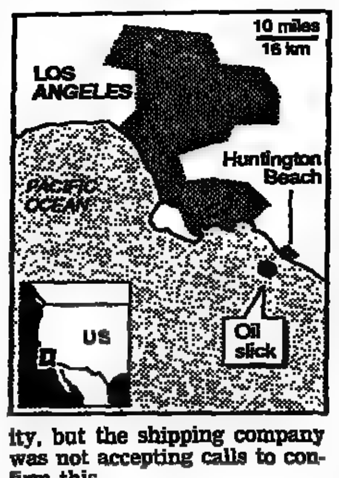
A 320,000-gallon oil slick was yesterday floating off Southern California, the latest of a series of spills in US waters that have prompted calls for tough legislation against oil companies.

The one mile square oil slick threatened beaches and coastal wetlands near Huntington Beach in Southern California about 20 miles south of Los Angeles.

The American Trader, 82,000 deadweight tonnes, was on charter to British Petroleum America from the American Trading and Transport company, a New York based shipping company.

The tanker, carrying 23m gallons of Alaskan crude, shed the contents of one tank when manoeuvring to offload its cargo into offshore pipelines. US Coast Guard officials said the tanker's hull had apparently been punctured by its own anchor.

There was confusion over who would *accept responsibility* for the spill. BP America's headquarters in Cleveland said American Trading and Transport had accepted responsibility, but the shipping company was not accepting calls to confirm this.



However, the US Coast Guard *said it had been told by* BP that it would pay for the clean-up without admitting legal responsibility.

The coastguard estimated that about 7,600 barrels of oil escaped from the vessel compared with 250,000 barrels from the Exxon Valdez in Alaska last year.

Efforts to prevent the slick *reaching shore* using containment booms began within hours of the accident. Booms were *placed* around the *ship* and cordoned off sensitive areas of beach.

The clean up operation was being supervised by the coastguard. Four skimming vessels were at work and the California wildlife authorities were supervising a bird cleaning operation. The Coast Guard *has sent its Pacific Strike* Team from San Francisco. A private cleaning company and a federal government pollution response team were also sent *to the scene.*

State officials said the spill was the worst off the California coast since 1969. The Coast Guard said yesterday *that the oil was being kept* away from the shore by winds blowing in the opposite direction to those normal at this time of year.

"While we have a *bad situation* with the oil, the weather is co-operating," said Captain James Card, the Coast Guard's co-ordinator on the spot.

But the threat to the coastline and to wildlife remains serious, environmentalists said. Oil-soaked birds have been picked up on the beaches and there is concern for the California grey whales which are currently migrating south along the coast. There are also *fears that currents will drag* the oil towards Sunset Beach, a favourite resort area.

Huntington Beach is known as the surfing capital of *California. Yesterday, however,* surfers were warned to avoid the area. Both Huntington Beach and Orange County declared states of emergency.

The spill comes at a bad time for the oil industry in North America, which is still trying to get over the damage to its image caused by the Exxon *Valdez disaster* in Alaska last year.

It coincides with more bad publicity for Exxon arising from a lawsuit filed by the City *of New York this week, following a spill of 567,000 gallons of* heating oil from an Exxon pipeline into New York harbour last month.

The New York authorities are accusing Exxon of having committed fraud since 1984 by submitting regular reports which *indicated that its leak-*detection system was working. Exxon has admitted, since the New York spill, that the system was faulty and that its *operators routinely ignored initial* signals from the system.

Ms Shirley Taylor, who chairs the national committee on offshore oil development of *the Sierra Club, a leading* US environmental group, said yesterday that environmentalists would use the Californian spill to press for a cutback in off-*shore oil developments* and for much tighter controls on oil tankers.

Congress is considering legislation which would sharply increase the liability on companies involved in oil spills, force oil-tanker owners to fit costly double hulls to their ships, and allow individual states to enact *tougher oil-spill laws* than those existing in federal legislation.

Alaska waits for the ice to break, Page 9

Brussels 'needs powers to impose environment laws'

By Tim Dickson in Brussels

NEW POWERS are needed in Brussels to force member states to comply with the European Community's environment legislation, Mr Carlo Ripa di Meana said yesterday.

Launching a report designed to highlight the failure of governments to implement long-agreed EC standards for water, air pollution, waste and other sectors, the EC Commissioner singled out Belgium and his native Italy as the countries which most urgently needed to *be brought into line.*

In language which surprised even some of his closest advisers he described the way in which these two founding *members of the Community* frequently ignore European Court judgments as "intolerable."

He went on to suggest they should consider constitutional changes to improve the co-ordination between state administrations and their regional authorities responsible for environmental affairs.

Commenting on powers which could be put at the Commission's disposal, he said that one weapon was for Brussels to withhold environmental funds from countries which had not yet enacted Community legislation.

Mr Ripa di Meana - who in a typically flamboyant gesture yesterday was sporting green-rimmed spectacles – has enjoyed a *high profile in Brussels,* due in part to his uncompromisingly tough stance in negotiations with the UK Government before the November *water privatisation. It was significant* yesterday, however, that both in his opening comments on the report and in answers to questions he refrained from *criticising* the UK.

This was partly, officials say, because he feels Britain has been unfairly pilloried as the "dirty man" of Europe.

He also believes that other member states are at least as neglectful of their responsibilities under Community law – a conclusion supported by a list of 362 EC legal actions against *member states published* yesterday.

It was also because he is anxious to "build bridges" with Mr Chris Patten, the UK's Environment Minister.

He sees Mr Patten as a *man* both fundamentally "pro-European" and anxious to give a higher political priority to "green" issues.

Depicting his own efforts as a response to public opinion, Mr Ripa di Meana said that the number of environment-related complaints received in Brussels *had jumped from 11 per* year in 1984 to 460 in 1989.

He also suggested that EC environment ministers meet their counterparts from central and eastern Europe to discuss the ecological crisis there. "We're very much aware of the disastrous condition of the environment in central and eastern Europe and the Soviet Union," Mr Ripa di Meana added.

The EC has aleady earmarked Ecu40m ($49m) of a Ecu300m economic aid package for Poland and Hungary this *year for environmental projects, but he called for wider* action.

He said he would ask the Irish Government to convene an informal meeting of minis-*ters before its stint as EC* president ends in June, to discuss financial and technical help for its east bloc neighbours.

EC nations were suffering *the effects of environmental* degradation in east European countries and there was general concern about the condition and safety records of their nuclear power plants, Mr Ripa di Meana said.

● Brazilian President-elect Fernando Collor de Mello said on Thursday that his Government would introduce environmental education in schools and *create an environment secretariat,* Reuter reports from Sao Paulo.

He said that "without any doubt" protection of the en*vironment would be a priority* of his government.

Mr Collor, who takes office on March 15, told a Rio newspaper "Under my government, *Brazil will have a very vigorous position on the environment.* We will create an environment secretariat and introduce the environment and environmental protection as a discipline in the curriculum of schools."

He noted that Brazil would be host of a major United Nations environmental conference in 1992, a follow-up to the landmark Stockholm meeting in 1972.

He described the Amazon *rainforest and the Taiga forest* in the Soviet Union as the two great filters soaking up carbon dioxide, which contributes to the greenhouse effect and may *lead to climate changes.*

Mr Collor, currently on a European tour, arrived in Britain on Wednesday.

He was greeted by a storm of protest over the *plight* of Amazon rainforest Indians.

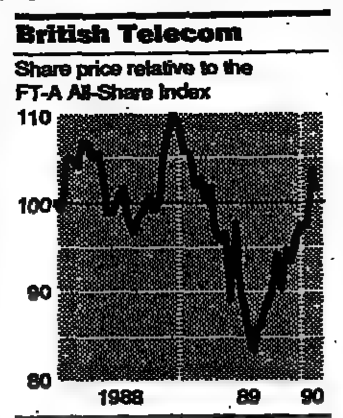
They are dying in their hundreds after the arrival of gold diggers in their lands.

He did not touch on the Indian question in the interview.

THE LEX COLUMN

The right numbers from Telecom

In a UK equity market steeling *itself for nasty surprises* as the company reporting season gets under way next week, there is something very reassuring about British Telecom's 15 per *cent rise in third quarter* earnings. It is easy to chisel away at the figures by netting out the £50m saving from the pension holiday and adjusting for the one-off effects of recent price increases. Nevertheless, when Britain's biggest company can continue to increase the size of its system by 4.4 per cent annually and maintain double digit call volume growth, the UK economy cannot be on its last legs.



Nor is it fair to explain away BT's strong share price performance since the summer purely in terms of its attractive defensive qualities. There are signs that it is at last beginning to take its shareholders seriously. The decision to get rid of Mitel, the 1,400 fall in manpower in the latest quarter and a tight control on other costs all *suggest* that BT is finally doing some necessary house-cleaning. It dare not upset its unions, but if it can continue to squeeze its work-*force and maintain this sort of* volume growth, it should be able to maintain above average earnings growth for the next year or two.

If this is the case, then perhaps BT should not continue to be rated at a discount to the market. However, worries about the *forthcoming duopoly review,* a *Labour election victory* or even the sale of the Government's £8bn stake should prevent BT's shares running ahead too far. BT has yet to make a convincing case that it is a growth stock in disguise.

Currency union

It is becoming uncomfort-*ably clear that the issue of German* currency union is looming large in UK domestic policy. In its latest Quarterly Bulletin, the Bank of England expresses *general satisfaction* with the downward trend in UK domestic demand; while the pressure must be kept on, there is no domestic case for higher interest rates. But in its own Delphic way, the Bank also suggests that one consequence of German unification could be a high interest rate regime throughout Europe as a whole.

The Bundesbank's predicament is *not* to be envied. There are clear inflationary risks to currency union, such as the release of excess East German liquidity and a likely surge in *demand.* But the alternative seems to be continued mass migration from East to West and a rising West German budget deficit. On balance, the authorities would doubtless prefer to put off currency union as long as possible: but *it looks rather as if the process* is out of control.

If all this results in higher West German rates, the response elsewhere in the EMS could be mixed. But if France, with 3 per cent inflation, finds *itself already with three-month* rates at 11 per cent, it is not obvious that a shakier economy like the UK can resist the trend. Japan would doubtless *have to respond in defence of* the yen, while the US would be up against recessionary risks of its own. It looks a classic case for *international co-operation, if only to hold the D-Mark* in line while some hard decisions are made.

Norfolk Capital

There is more than a hint of arrogance in Queens Moat Houses' final offer for Norfolk Capital. The bid has not been raised, *the offer period* has been curtailed and there is no cash alternative. There is no doubting Queens Moat's impressive record, and its fans would be sorely *disappointed* if this year's performance fell much below the 25 per cent rise in 1989 earnings and dividend announced yesterday. Meanwhile, Norfolk Capital's board is split, its earnings outlook is *dismal* and *even* if it comes up with a fancy new net asset value, the exit multiple is over 30 times earnings.

It is not a particularly gener-*ous bid. But given the substan*tial increase in dividend income, many Norfolk shareholders will be tempted to swap their paper for that of Queens Moat, *especially* since there is no sign of any rival bidders. However, Queens Moat's case would have been infinitely stronger if it had had the humility to offer a cash alternative. It is less than six months since its last rights issue *and it is sitting on £100m* of cash.

Over the last five years, its shares in issue have risen nearly fivefold and will *increase by another 22 per cent* if this deal goes through. Admittedly, there has been no obvious earnings dilution, but there are plenty of short-term *punters in Norfolk Capital who* will want to dump their paper. Add the strategic worry about Queens Moat increasing its exposure to the top end of the UK *hotel market when there* are cheaper alternatives overseas, and this might be a gamble Queens Moat's own shareholders could come to regret.

LIT

In its small way, LIT, like Mercantile House, B&C and TSB before it, is an object lesson on how hard it is to build a sustainable financial services conglomerate by ambitious acquisition. True, yesterday's news could have been worse. Net debt of £51m against shareholders' funds of £21m is fairly *tricky, but Mr Castleman* sounds reasonably confident that LIT can get borrowings down to £30m via more asset *disposals.* Though 1989 is a *complete write-off* in *profit* terms following October's £5m loss in LITAM, the US futures and options business, the stockbroker Astaire is the only subsidiary trading unprofitably so far this year.

LIT may need some more equity capital before too long though; so it will be a long time before the shares, down 9p yesterday at 25p, go any-*where positive.* At bottom, LIT's original notion of a central holding company surrounded by niche financial businesses was never sensible. *There was no logic in having* Levitt, the life insurance broker, alongside Johnson Fry, the corporate finance house; and none of LIT's individual businesses had truly secure cash flow. LITAM has a very *strong market position,* but October's losses showed its volatility.

The odd thing is that people still go on assembling financial *conglomerates.* Take, on a vastly larger scale, Mr Sandy Weill's Primerica in the US, in commercial credit, consumer finance, insurance and securities. Personable fellow though Mr Weill is, one wonders how much logic his empire really has.

Legal test for the shape of things to come

By Clay Harris, Consumer Industries Editor, in London

WHEN British shoppers think of lemon juice, they reach for a *small, yellow, plastic look-alike* lemon known by the name of Jif.

Jif has seen off a rival lemon after a three-year UK court battle, *thanks in part to the British* consumer's inclination to read "Jif" no matter what the label says.

Five Law Lords, sitting as Britain's *most senior legal* authority, ruled unanimously yesterday against a US company which had hoped to sell its lemon juice in a similar *container to that used since* 1956 by Jif.

Jif as a brand is owned by Reckitt & Colman, the UK food and household products group.

In New York, Borden said it would abide by the decision but commented: "It's unfortunate that UK consumers will not be able to make their *choice in the marketplace* based on price and quality of competitive and conspiciously labelled products."

Borden also said the decision appeared "inconsistent with *the European Community's* concept of 1992 and its attempt to allow the free flow of goods among the member states." Borden sells RealLemon in bottles throughout Europe, including the UK, and in lemon-shaped containers in France and Norway.

In dismissing an appeal by *Borden, the Law Lords upheld* rulings that the US foods company's use of a life-sized plastic lemon would have amounted to "passing off" its RealLemon *brand as Jif.*

The decision is likely to have a "profound effect," leading to more litigation on product design, according to one legal expert. *Mr Christopher Wadlow,* solicitor with London firm Simmons & Simmons, said: "Until now, it's been an uphill struggle to win a passing off *case on fairly simple get-up* [appearance]."

Two of the Law Lords, Lord Oliver of Aylmerton and Lord Jauncey of Tullichettle, said the ruling did not confer on Jif a *monopoly right to sell lemon* juice in plastic lemons; it merely found that Borden had not taken adequate steps to differentiate its packaging from Jif's.

Lord Bridge of Harwich, however, said he agreed to dismiss the appeal only with "undisguised reluctance." He *noted that the trial judge had* found, in Lord Bridge's words, "that housewives buying plastic lemons in supermarkets do not read the labels but assume whatever they buy must be Jif."

As a result, he said, Reckitt would be given a "de facto monopoly of the container as such which *is* just as effective as de jure monopoly."

The RealLemon container, which has been used in the US since 1957, is not identical to *Jif's.*

It has a flat bottom and bears a different-colored paper label around its neck. Each has its name embossed on the lemon.

But even *if a side-by-side* visual comparison would dispel any possibility of confusion between the two, Lord Oliver noted, most supermarkets *would not stock more than one* brand of lemon juice in such a container.

The original trial was notable because of the emphasis *placed on ordinary customers'* reaction to the competing products in supermarket tests – indicating that many thought they were buying Jif when they picked up RealLemon.

As a natural shape, the lemon itself cannot be registered as a design. At least two other companies sell lemon *juice in Britain in lemon-*shaped containers considerably larger than Jif's life-sized package.

The ruling has come just in *time for Jif's peak season;* about one-third of its sales are made in the month before Shrove Tuesday.

New exodus of refugees on way to Hong Kong

By John Elliott
in Hong Kong

THE annual flood of Vietnamese boat people has started to arrive in Hong Kong during the past few days as tides and weather ease their journey across the south China Sea. Last year 35,000 arrived in Hong Kong, where there are now 56,000 Vietnamese who have fled from their homes.

Some 188 have arrived this year and another 200 are believed to be travelling along the south China coast in two boats which will arrive within a day or two.

This indicates an arrival rate almost 40 per cent above the same time last year and adds urgency to a visit on February 18 to Hanoi by Mr Francis Maude, a UK Foreign Office Minister.

Mr Maude hopes to persuade Vietnam to agree to a resumption of flights carrying mandatorily repatriated boat people home. The first aircraft carrying 51 flew home in December *amid widespread international* controversy. The US has opposed any further flights for a year and this has stalled a possible international agreement.

Mr Maude now wants a bilateral arrangement with Hanoi for regular mandatory flights, hoping this will deter people from leaving Vietnam.

There is growing opposition in Hong Kong to acceptance of any more boat people: some on the legislative council want the colony to opt out of a UN-led comprehensive programme of action and refuse to continue operating as place of first asylum.

Because of this oppositon, new camps have not been built for this year's expected arrivals. A request for HK$115m ($14.75m) to be spent on a new reception centre has been withdrawn from today's meeting of the council's finance committee because it might have been rejected.

However, the camp could not have been built in time to accommodate the new arrivals, who will have to be housed in temporary accommodation.

S African reserves lifted

Continued from Page 1

day.

The Johannesburg Stock Exchange industrial index closed at 3,195 yesterday, gaining 8.1 per cent since last Thursday

Mr Stals, governor of the South African Reserve Bank, said the Government would act to maintain stability of the rand exchange rate in the face *of capital inflows.* However, this would have an impact on domestic liquidity and interest rates which could jeopardise efforts to reduce last year's 14.7 per cent inflation rate.

If the inflow were to continue for more than two to three weeks, the bank would have to take action to absorb excess liquidity through domestic money market operations. Mr Stals ruled out significant changes in the country's exchange control regulations. He pointed out that although foreign capital inflows had accelerated markedly in recent days, the trend had begun as far back as September last year.

Genscher's unity appeal

Continued from Page 1

Over East Germany's growing problems, he said: "What is happening in East Germany is a *matter of concern.*" *Pointing* out that the health system was "on the point of collapse," he said: "When 3,000 people leave every day, when the government itself says that output is dropping continuously, that is a process of destabilisation."

Although preparations for German monetary union should start immediately, "concrete decisions can only be taken by a freely elected gov-*ernment (in East Berlin) after* the elections on March 18."

"I am sure that a democratically elected government will be very clear in its orientation towards a social market economy... When the new government is formed, both governments (in Bonn and East Berlin) will sit down together to talk about the future."

He said the military alliances would take on an increasing political character but would still be needed. "Nato is not becoming superfluous. I also don't believe that the Warsaw Pact is becoming superfluous. The alliances' tasks, though, will change. Who will carry out disarmament, for instance, if these two alliances no longer exist? The alliances will continue to have functions, but they will become more and more part of a new European security structure."

He ruled out that West Germany would leave the integrated military structure of Nato and reaffirmed that in a united Germany, Nato troops in the *Federal Republic* – including the West German Bundeswehr – could not be extended to present-day East Germany.

"This part of Germany (West Germany) would not leave the alliance. But the part which is *not part of Nato would not* enter it... We have to reach agreement that, whatever happens, the area of Nato will not be extended. That is an important offer in the direction of a security partnership (with the Soviet Union)."

Concerning the suggestion last week by Mr Hans Modrow, the East German Prime Minister, of a united neutral Germany, Mr Genscher said: "Neutrality would mean a special, isolated position for the Germans – that would describe a *sort of go-it-alone path for the* Germans. All that we do not want. We want our destiny – including the process of German unification – to be *embedded in the process of* European unification."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	[illegible]	61	Dubrovnik	S	4	[illegible]	Malta	F	15	[illegible]	Rhodes	C	13	55
Algiers	S	20	68	Edinburgh	C	[illegible]	[illegible]	Manchester	R	7	45	Rio de J'o	F	[illegible]	[illegible]
Amsterdam	C	11	52	Faro	C	16	61	Manila	C	30	86	Rome	[illegible]	14	57
Athens	C	[illegible]	[illegible]	Florence	[illegible]	12	54	Melbourne	–	–	–	Salzburg	S	12	54
Bahrain	S	[illegible]	[illegible]	Frankfurt	F	12	54	Mexico City	–	–	–	San Francisco	S	6	43
Bangkok	F	33	91	Funchal	S	20	68	Miami	S	19	65	Seoul	S	[illegible]	[illegible]
Barcelona	S	15	59	Geneva	F	12	54	Milan	S	6	43	Singapore	–	–	–
Beirut	–	–	–	Gibraltar	S	19	66	Montreal	F	-5	23	Stockholm	F	7	45
Belfast	C	5	41	Glasgow	F	[illegible]	[illegible]	Moscow	C	2	[illegible]	Strasbourg	C	12	54
Belgrade	S	10	50	Guernsey	C	12	54	Munich	S	14	57	Sydney	–	–	–
Berlin	S	[illegible]	[illegible]	Helsinki	S	4	39	Nairobi	F	27	81	Taipei	R	18	64
Biarritz	F	19	66	H. Kong	C	19	66	Naples	S	14	57	Tangier	S	21	70
Bombay	S	32	90	Innsbruck	S	[illegible]	[illegible]	Nassau	F	29	84	Tel Aviv	F	14	57
Bordeaux	C	15	59	Inverness	S	[illegible]	[illegible]	New Delhi	F	20	68	Tenerife	S	12	54
Brussels	C	11	52	Islamabad	C	15	59	New York	C	3	37	Tokyo	R	8	46
Budapest	S	10	50	Istanbul	F	7	45	Nice	F	15	59	Toronto	Fg	-2	28
B. Aires	F	34	93	Jakarta	R	29	84	Nicosia	R	14	57	Tunis	F	18	64
Cairo	F	16	61	Jersey	C	12	54	Oporto	S	15	59	Valencia	F	17	63
Cape Town	S	29	84	Jo'burg	–	–	–	Oslo	R	[illegible]	[illegible]	Venice	C	3	37
Caracas	C	25	77	Lima	F	25	77	Paris	[illegible]	11	52	Vienna	S	7	45
Casablanca	S	20	68	Lisbon	C	16	61	Peking	S	[illegible]	[illegible]	Warsaw	S	10	50
Chicago	C	1	34	London	R	12	54	Prague	S	7	[illegible]	Washington	R	7	45
Cologne	F	11	52	Los Angeles	F	[illegible]	[illegible]	Reykjavik	F	1	34	Zurich	S	11	52
Copenhagen	F	7	45	Luxembourg	C	9	48								
Corfu	S	[illegible]	[illegible]	Madrid	F	12	54								
Dallas	S	[illegible]	[illegible]	Majorca	S	17	63								
Dublin	R	7	45	Malaga	S	20	68								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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INSIDE

Mitsubishi builds on royal approval

The outspoken views of Britain's heir apparent Prince Charles (left) on London architecture have been heard as far away as Tokyo. Mitsubishi Estate, the Japanese property company, has taken one-third of a £700m ($1.2bn) redevelopment project in London's Paternoster Square, a modern development just across the road from St Paul's Cathedral. Previous plans have been condemned by both royal pronouncement and popular sentiment and Mitsubishi intends "to develop buildings inspired by more traditional concepts of urban design." Robert Thomson reports on past and present fortunes of the Japanese group. Page 24

Motoring on the Continent

The family car dealerships prevalent in some continental European countries will give way to more sophisticated outlets if Mann Egerton has anything to do with it. The company, a subsidiary of services and marketing group Inchcape of the UK, is completing the first phase of its pioneering expansion into the Continent. It now owns a dozen car dealerships in France, West Germany and the Benelux countries and is looking to establish a presence in Italy, Spain and Portugal. Page 25

No longer the food of kings

The salmon is swimming against the tide as the king of fish: intensive farming methods are flooding retail outlets with the once luxury food. Last summer wholesalers in Paris and London sold salmon so cheaply that even indulgent pet owners would have found it within their means to offer Tabby or Fido a special treat. In Chile, lower profit margins have also put a brake on the frenzied expansion of an industry that is not yet 10 years old. However, the Association of Chilean Salmon Farmers says it is too early to talk of a crisis. Page 32

Bear in the bull market

As general elections approached last October, analysts covering the Spanish markets decided to wait and see. More than three months later, they are still waiting and they do not much like what they see. Foreign investors, who once generated the bolsa's bullishness, are now very shy; there is a widespread feeling that the peseta may be devalued. Yesterday the Madrid bolsa eased 0.12 to 288.47. Page 44

Capital performance

Practice makes perfect, or so the European Commission hopes. Over the past 18 months it has drafted four different versions of a capital adequacy directive. Attempts to provide European investment firms with capital requirements that will protect the consumer, yet at the same time maintain competitiveness with the rest of the world appear to please some firms only to enrage others. Lucy Kellaway and Richard Waters report on the difficulties of a compromise. Page 28

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Rykoff-Saxton	16⅞	–	5
Rises				**PARIS (FFr)**			
Asko Deutsche K	730	+	20	**Rises**			
Daimler-Benz	920.5	+	17.5	Hachette	404.8	+	14.3
Lahmeyer	955	+	20	Lectraire	489.9	+	27.3
Mercedes Hld	718.5	+	16.5	Radiotec	631	+	20
V.E.W.	236	+	13.5	**Falls**			
Falls				CMB Packaging	201.5	–	4.9
Colinia Versich	1140	–	57	Imetal	292.8	–	7.0
NEW YORK ($)				Michelin	133.8	–	4.5
Rises				**TOKYO (Yen)**			
Chevron	69⅞	+	2	**Rises**			
Colgate-Palmol	58⅞	+	1¼	Asano Slate	1430	+	160
Tenneco	66⅞	+	⅞	Matsui High-Tec	3500	+	380
Falls				Lead	1620	+	200
Federal-Mogul	18¾	–	1	Riken Electric	1220	+	200
KLM Royal Dutch	19⅞	–	1½	Snow Brand Food	1140	+	120
				Tokyo Cosmos	1420	+	200

New York prices at 12.30pm.

LONDON (Pence)				STC	262	+	9
Rises				Sainsbury	264	+	6
Amersham Intl	383	+	8	Sema Group	402	+	11
BOC Group	543	+	17	Shell Trans	485	+	10
British Telecom	305	+	7	Smithkline Be	544	+	7
Cable & Wire	558	+	15	Union Discount	610	+	7
Grand Metrop	504	+	10	Williams Hldgs	239	+	6
Hambros	325	+	6	**Falls**			
ICI	1091	+	14½	LIT Hldgs	25	–	8
Queens Moat	106½	+	4½	Ladbroke	306	–	6
Racal Telecom	366	+	7	Lucas Inds	605	–	5
Regalian	90	+	5				
Reuters	1055	+	24				
Rosehaugh	350	+	31				

Raider who has not lost the art

Harold Simmons: on court by three most afternoons, he will today volley SEC questions in a challenge of wit and wills

Alan Friedman on Harold Simmons

There may not be a great deal of Texan hospitality in store for the Securities and Exchange Commission (SEC) this morning when its officials visit the 17th floor of a shimmering grey office building on the outskirts of Dallas.

The men from the SEC will be escorted along some richly panelled corridors and into the executive suite of Mr Harold Simmons, the soft-spoken corporate raider with a reputation for being as shrewd as he is ruthless. His personal net worth is said to be $1.7bn a billionaire status that makes him even wealthier than other maverick raiders he admires such as T. Boone Pickens and Carl Icahn.

The 58-year-old Mr Simmons, whose meteoric career as a takeover artist and his folksy drawl make him a walking and talking incarnation of the "JR" character played by his actor friend Larry Hagman in the TV series Dallas, is this week being investigated by the SEC for possible violations of US federal securities laws.

The probe stems from the latest assaults Mr Simmons has launched: to obtain representation on the board of Lockheed, the military aerospace company, where he has built up an 18.9 per cent stake; and to remove the board of directors at Georgia Gulf, the integrated chemicals producer of which he owns 9.5 per cent and which is the object of a $1.1bn tender offer by the sandy-haired raider from Dallas. The SEC is investigating his trading in these companies' shares.

Mr Simmons may be under investigation, but he seems untroubled. This is not the first time. Early in his career, in 1974, he was indicted in Illinois by the US Attorney for the northern district of the state, Mr James Thompson, the current governor, on criminal charges of mail and securities fraud in connection with the bankruptcy of one of his insurance companies. He was found not guilty and settled related civil charges out of court for $500,000.

As for the SEC, that is old hat: "I've been through this 10 times already," he says. "I don't know what they're gonna ask me and I don't know what I'm gonna tell them. We sure have absolutely no concern that we have violated any laws." However, the disclosure law, which he claims not to have violated, does not appeal to Harold Simmons: "Why should I have to tell anybody if I change my mind anyway? The law is stupid." Seated within spitting distance of a beloved bust of John Wayne, Mr Simmons will be giving the SEC investigators a deposition that stems partly from his stealthy share dealings in Lockheed, his latest prey. After spending more than $500m to build up a stake of 18.9 per cent in the company, Mr Simmons claims that one reason the SEC is probing his disclosure record is because of a campaign by Lockheed lobbyists in Washington.

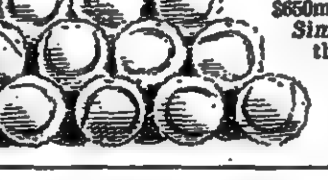
The thrice-married Mr Simmons is as feisty an individual as his humble East Texas roots imply. A tennis fanatic who leaves the office for the courts by three in the afternoon, his other preferred form of relaxation is "off-road motorcycle riding."

A graduate with a first-class economics degree, he began his career in the 1950s as an investigator for the US Civil Service, an examiner for the Federal Deposit Insurance Corporation and a loan officer at a Dallas bank. In 1961 he put up $5,000 to buy a Dallas drug store. He built this up into a Texas-wide chain which he sold for $50m in 1973.

By the late 1970s he was involved in a series of stock and asset plays, including an assault on PSA, the now defunct West Coast airline. The PSA proxy fight netted him a $30m profit and four aircraft which he later sold. His biggest coup was the 1984 stalking of GAF, a chemicals group, which produced a tidy $140m profit when he sold a 17.9 per cent stake three years later.

The deal that really made his name on the US corporate scene, and gave Mr Simmons a substantial industrial base, was the hotly contested 1986 takeover of NL Industries. The specialist chemicals and petroleum service company has an annual turnover of $1bn, more than half of which comes from titanium dioxide pigment holdings in West Germany, Belgium and elsewhere in Europe.

NL's pigment business claims 19 per cent of the European market, although if you ask Mr Simmons about 1992 he replies merely that he is not a hands-on manager ("I get people to do that") and, with seemingly disingenuous modesty, that "I'm not smart enough to have any insights into 1992."



The NL battle – a nasty takeover replete with poison pill defences and lawsuits – saw Mr Simmons using the services of Mr Boyd Jefferies, his close friend and tennis partner and a man he describes as "probably the best broker in the world." In an unrelated matter Mr Jefferies pleaded guilty in 1987 to two felony charges for "parking shares." Mr Simmons dismisses these crimes as "little things that were so minor they didn't really matter."

Many of the Wall Street prosecutions of the 1980s are described by the Dallas raider as "victimless crimes." He has harsher words for Wall Street's fee-driven merger and acquisition follies, saying that the prices paid by Mr Robert Campeau for department stores or by Kohlberg, Kravis & Roberts for RJR Nabisco were "just crazy." Mr Simmons also rises to the defence of Mr Michael Milken, the disgraced junk bond king from Drexel Burnham Lambert who is also a tennis partner at the Simmons family's 24-acre estate at Santa Barbara. Mr Milken resigned from Drexel last year as part of a settlement by the Wall Street firm which included its paying a record $650m fine, but Mr Simmons calls the payment by Drexel "a huge mistake" and says the reason Drexel executives agreed to pay the fine was because they are "timid." As for Mr Milken, he is "a very creative guy who would never do anything to hurt anyone."

Mr Simmons goes into his Lockheed and Georgia Gulf battles from his base at Valhi, a Wall Street-listed holding vehicle 88 per cent controlled by his private family trust. Valhi is a mini-conglomerate which owns 66 per cent of the quoted NL Industries and is also active in petroleum services, sugar refining, forest products, fast food restaurants and hardware. The company made a 1989 net profit of $103m on $2.4bn of sales.

Simmons rejects accusations that he is an asset stripper, pointing out that he usually keeps management and assets in place.

As for Lockheed, where his request for board seats has been rejected, the market expects a proxy battle. Mr Simmons is sitting on a $66m book loss on his $523m Lockheed investment, but "so what?" he says. What he acknowledges is that, with expected cuts in Pentagon orders, Lockheed has become "a risky investment. When I started buying stock peace had not yet broken out and now it has."

None of his apparent problems – from Lockheed to the SEC – appear to bother the poker-faced Mr Simmons, but he is well known for his patience. Harold Simmons is as inscrutable as they come in downtown Dallas, a "Cool Hand Luke" among US corporate raiders. The men from the SEC might find today's meeting a challenge of wit and wills.

Thomson-CSF to buy half of Ferranti sonar

By **William Dawkins** in Paris and **Hugo Dixon** in London

THOMSON-CSF, the French defence group, yesterday agreed to buy half of the beleaguered Ferranti International's sonar operations, subject to UK Government approval.

The deal comes three weeks after Thomson-CSF, majority controlled by the state-owned Thomson group, pulled out of talks on a possible full bid for Ferranti, but said it was still interested in co-operation in some areas. The British company has been looking for a buyer since the discovery last year of an alleged £215m ($363m) fraud at its US subsidiary.

Thomson-CSF, Europe's leading submarine acoustics group, is offering £32m cash for a 50 per cent share of a new company to be formed from the sonar systems activities of Ferranti Computer Systems. This is the French group's third large cross-border defence equipment deal within a year, following its purchase of a majority stake in the defence interests of the Dutch Philips group and the formation of a joint missile production company with British Aerospace.

The deal will make Thomson-Ferranti the main competitor to Britain's General Electric Company in the UK sonar market.

It also marks another step in Ferranti's vigorous disposal programme, which it has undertaken to repair the damage caused by the alleged fraud. The company previously sold its radar division and half its Italian businesses to GEC for £310m and is selling the other half of its Italian concerns to Finmeccanica of Italy.

The Ferranti operations being transferred made an operating profit of £4.7m on sales of £40m in the year to last March and will be jointly managed, with a chief executive to be drawn from the UK group.

That compares with the FFr1.6bn ($284m) sales recorded by Thomson Sintra, the French group's anti-submarine warfare arm, in 1988. Thomson-CSF's overall turnover fell from FFr31.8bn to FFr31.2bn in the same year.

While the UK Ministry of Defence (MoD) has not given a formal green light, the deal is unlikely to come as a surprise to the British Government. Thomson Sintra started a joint development project late last year with Ferranti to design a helicopter-born sonar buoy, to enter service with the Royal Navy. Ferranti's sonar business was seen as an obvious area for a closer link-up.

A Thomson-CSF official said the French group deliberately avoided making a full bid for Ferranti sonars in deference to the fact that the British MoD was its main customer.

Buy-out doubt after $1.6bn bid for Esselte

By **John Burton** in Stockholm

THE FATE of Sweden's biggest leveraged buy-out offer remained uncertain yesterday after the principal shareholders in Esselte, the Swedish office supplies and media group, made a SKr9.9bn ($1.6bn) bid for the company.

With the company's management and unions expressing initial opposition to the deal, the Esselte board decided to appoint independent experts to examine both the LBO offer and an undisclosed counter-proposal made by Mr Hans Larsson, Esselte president.

The board said it would reconvene in two weeks to decide on the future of the company. Trading in Esselte shares, which was suspended on Monday, will resume today.

The LBO offer is being conducted by Esselte's two biggest shareholders, the Mobilia and Ratos holding companies, which hold a combined 54 per cent voting interest in the concern. Joining them is the property company Gamlastaden, whose main shareholder is Nobel Industries.

LBOs, spurred by tax law changes that favour stock ownership in private companies, have received wide publicity in Sweden recently.

The LBO offer for Esselte consists of SKr290 for A shares, 30 per cent above the average share price quoted on the Stockholm bourse over the past three months, and SKr245 for B shares, 31 per cent above the average. Convertible debentures would fetch SKr247 apiece.

Esselte reported a 20 per cent fall in profits after financial items to SKr735m in 1989.

Ericsson doubles profits

By **John Burton** in Stockholm

ERICSSON, the Swedish telecommunications equipment group, announced yesterday in a preliminary report a doubling in 1989 profits before appropriations and taxes to SKr3.7bn ($611m) from SKr1.84bn.

However, a proposed increase in the dividend by SKr3.50 a share to SKr14 may be stymied by the Swedish Government's proposal yesterday, as part of its anti-inflation programme, to stop increases in dividend payments for listed companies in 1990 and 1991.

It was the second straight year of strong profit growth for Ericsson, with the 1989 results generally matching market expectations. Net sales rose 26 per cent to SKr39.5bn from SKr31.3bn, while order bookings amounted to SKr42bn, an increase of 18 per cent. Income per share climbed to SKr58 from SKr27 in 1988.

Ericsson warned that profit growth in 1990 might not be as spectacular. It expected only "a further slight improvement in earnings" this year, after noting that sales and profits continued to rise during the fourth quarter of 1989.

Mr Ake Stavling, the company's controller, said last year's results reflected strong demand in certain foreign markets, including Spain, Italy, the UK and China, combined with improved efficiency measures.

However, market demand would weaken this year. For example, the refusal by the Swedish Government to provide soft loans to China could cost Ericsson a SKr4bn order, signed last spring, for the supply of telephone switching equipment to three Chinese provinces.

Ericsson suffered sluggish profits in the mid-1980s as it wrestled with its troublesome Ericsson Information Systems office automation division, which it sold to Nokia of Finland in 1987. Once EIS was jettisoned, profits began to climb sharply.

Mr Bjorn Svedberg, president and chief executive of Ericsson, attributed the company's recovery to its renewed emphasis on the core businesses of public telecommunications equipment - including its AXE switching system and MD 110 private branch exchanges - and radio communications.

Mr Svedberg said he personally regarded the proposed new dividend as low. The proposed freeze on dividend payments had "placed us in an awkward position since we are dependent on foreign capital markets. A third of our shareholders are foreigners," Mr Svedberg added. The board has also proposed a share split of five new shares for each old one to stimulate trading in Ericsson shares, which climbed by SKr5 to SKr970 yesterday.

Ericsson said most of its business areas posted higher profits than in 1988. The exceptions were the cables and network unit and the defence systems division.

UK Rules change on offshore issues

By **Clare Pearson** in London

A RULE change designed to stem a haemorrhage of new issues business offshore is being introduced by the International Stock Exchange in London.

Concern that requirements for the listing of certain investment trusts and companies have been too restrictive and have led to a loss of issues, particularly to Amsterdam, is thought to have prompted the Exchange's move.

The change affects only investment trusts and companies that are marketed solely to professional investors. It has been approved by the Exchange's council this week.

The Exchange has decided to overturn the £15m ($25.3m) limit on the size of such an issue that may be sold by way of a placing, where shares go to institutional clients without also being offered to the general public.

From now on, there will be no restriction on the size of these types of investments, designed for professionals, which may be launched by the relatively cheap and easy placing route.

The move comes amid several launches of specialist investment vehicles, particularly those concentrating on developing countries. This week has seen the emergence of a $100m fund devoted solely to equity investments in Hungary.

The restriction on the size of placings – increased from £3m to £15m at the time of the Big Bang in 1986 – has so far applied to specialist investment trusts and companies along with all other fully-listed new issues on the London market. The size limitation is designed to ensure that the general public is not excluded from the primary market.

However, sponsors have successfully pointed out that the restriction is inappropriate where it is neither fruitful nor desirable to attempt to sell a new issue to private investors.

For instance, a minimum subscription level of $50,000 that John Govett (Jersey) placed on the launch of its Hungarian Investment Company this week seemed designed to discourage the private investor.

Investment trusts and companies already enjoy a special status under the Exchange's offer for subscription rules: only 25 per cent of the whole need be offered to the public. Firm undertakings to subscribe from institutions are obtained for the balance of the issue.

Tenneco recovers sharply as most divisions improve

By Anatole Kaletsky in New York

TENNECO, the Houston-based energy and manufacturing conglomerate, reported sharply improved results in the fourth *quarter, boosted especially by* the strong performance of its J. I. Case farm and construction machinery business. The company's results pleased analysts on Wall Street, where Tenneco's shares advanced by $¾ to $86¾.

Tenneco made net profits of $205m or $1.58 a share in the fourth quarter, after a loss from continuing operations of $177m or $1.30 a share the year before. Fourth-quarter operating income was $418m compared with a loss of $39m.

In 1989 as a whole, Tenneco earned $584m or $4.46 a share, compared with a loss from continuing operations of $1m or 10 *cents. Total net income in 1988* was $822m or $5.48 a share, but this was primarily due to profits from the sale of Tenneco Oil Company. Operating income, excluding interest and taxes, was $1.31bn last year, compared with $617m in 1988. Annual revenues from continuing operations increased by 8 per cent to $14.1bn.

Mr James Ketelsen, chairman, predicted a further "significant" improvement in earnings for the current year.

Analysing the results by *operating segments, Tenneco* showed the biggest progress in the Case farm and construction equipment business. Case *operating income increased to* $228m in 1989 from $142m, boosted by higher prices and higher sales volumes.

The gas pipeline business contributed $325m in operating income, compared with $114m.

Automobile parts earned $218m, compared with $203m in 1988. Shipbuilding contributed $200m, up from $175m and chemicals and minerals earned $113m, against $53m in 1988. Packaging, however, reported a decline in profits to $200m, from $215m.

Waste Management expands

By Roderick Oram in New York

WASTE Management has reported *strong growth in sales and revenues, thanks to expan*sion of its waste disposal activities in the US and Europe.

Fourth-quarter net profits rose 23 per cent to $152.9m or 33 cents a share, from $124.7m or 27 cents a year earlier. Full-year net was up 21 per cent at $562.1m or $1.23, against $464.2m or $1.02.

The net for the latest quarter and year included a non-taxable $70.8m gain from the pubic offering of 5m shares in Chemical Waste Management, a subsidiary. This was nullified by a one-time after-tax charge of $70.6m, mainly *for future costs of proposed new federal* regulations for landfill sites.

Revenues of the Chicago-based company rose 23 per cent in the quarter to $1.19bn from $972.6m, and by 25 per cent in the year to $4.46bn from $3.57bn.

During the past year its main operating subsidiary, Waste Management of North America, expanded its services and geographic spread.

It now operates in some 350 markets in the US and Canada, having added projects during the year in, *for example,* Connecticut, Rhode Island, Maryland, Illinois and Quebec.

It expanded services such as medical waste disposal and its energy-from-waste processes. By year-end it was operating 125 solid waste landfills and nearly 50 transfer stations in North America.

European operations – which covered Sweden, Spain, the Netherlands and Italy – were increased through West German and Danish takeovers.

Wall Street analysts expect further profit growth of about 20 per cent this year.

BNE sells lease arm to Bank of Tokyo

By Alan Friedman in New York

BANK OF New England (BNE), the troubled Boston-based banking group that recently announced $2.25bn of non-performing loans, yesterday said it was to raise $592.5m from the sale of its BancNew England leasing group to the Bank of Tokyo.

The sale, which calls for the Bank of Tokyo to pay a premium of $92.5m on BNE's $500m lease portfolio, comes little more than a week after the Boston bank agreed to sell its credit car business to Citicorp for $828m. The Federal Reserve of Boston, which has been lending BNE substantial sums to staunch a run on deposits, has ordered the bank to sell $6bn worth of assets to improve its capital ratios.

The Bank of Tokyo is paying $562.5m in cash and $30m in promissory notes for the leasing business.

Colgate income up 43% despite slower sales

By Karen Zagor in New York

COLGATE-PALMOLIVE, the second largest US maker of detergents and toiletries, yesterday reported a 43 per cent increase in 1989 fourth-quarter net income, although sales grew by only 6 per cent in the three months.

The New York company, which has been extensively restructured over the past few years, reported fourth-quarter net income of $62.5m against $43.7m a year earlier. Per-share earnings rose 36 per cent to 87 cents from 64 cents, on sales of $1.29bn from $1.21bn.

The 1989 results include net income of $7m or 11 cents a share from the sale of land in Jersey City.

For the year, net income advanced 19 per cent to $280m from $234.8m the previous year. Net income per share rose 16 per cent to $3.97, while sales grew 6 per cent to $5.04bn. The latest year's earnings include a one-time after-tax gain of $6.5m or 9 cents a share in the second quarter.

Colgate realised a $54m reduction in net interest expense, which benefited net income for the year.

Mr Reuben Mark, chairman and chief executive, said the company was ahead of its financial goals, which were set in 1984 for achievement by the end of 1991. For instance, Colgate's after-tax return on sales reached 5.6 per cent in 1989, ahead of the 1991 goal of 5 per cent.

In its household and personal care products business, sales rose 2 per cent in the quarter to $1.09bn and 4 per cent in the year to $4.41bn. The company's overseas business represented more than 70 per cent of the sales.

Colgate-US achieved operating profit growth of more than 50 per cent in the year.

Mr Mark said: "Colgate achieved its seventh consecutive year of volume growth."

Bond withdraws petition action

BOND CORPORATION of Australia yesterday withdrew an attempt to quash two wind-up petitions filed against it by its 58 per cent owned Bell Resources when a court asked Bond to prove its own solvency, Reuter reports from Perth.

Lawyers for Bond told the Supreme Court of Western Australia the proof would be provided later as part of a separate action. The current action was withdrawn.

The two petitions, due next month, seek the repayment of some A$28m (US$21.4m) owed to Bell Resources by Bond. Three other Bell petitions for a total of less than A$2m were withdrawn earlier this week.

Treading warily around St Paul's

Robert Thomson on Mitsubishi Estate's interest in well-known sites

MITSUBISHI Estate has a taste for high-profile properties. The Japanese property company bought a chunk *of midtown* Manhattan by taking a 51 per cent stake in the Rockefeller Group and has now taken a *one-third share* of a £700m ($1.15bn) project next to St Paul's Cathedral in London, England.

Having bought into controversy with the Rockefeller purchase late last year, Mitsubishi officials were more relaxed yesterday about the reaction in London to the company's role in redeveloping Paternoster Square. Previous plans have been condemned by both royal pronouncement and popular sentiment.

Mr Takuo Kato, general manager of Mitsubishi Estate's overseas business department, has taken note of Prince Charles's views on the subject.

"I have seen his documen*tary. We are in general agree*ment that the present buildings do not do justice to the importance of the site. The *intention is to develop build*ings inspired by more traditional concepts of urban design," Mr Kato said last night.

Mitsubishi emphasises that it was approached by the partners in the project, Greycoat of the UK and Park Tower Realty of the US, and was content with a one-third share. Even though London has been more welcoming than Washington to Japanese investment, the company wants to avoid stirring concerns about the purchase of cultural "symbols," as was the case in the US when Sony bought Columbia Pictures.

"We feel that this is the kind of project that we would *always hope to* be involved in. We are more interested in developing rather than acquiring new properties," Mr Kato *said. "We want to* develop something that will be welcomed in London. If the development is not welcomed then our investment will not produce a good return."

In Japan the company's role as a developer is most obvious in its ambitious plan to refurbish Tokyo's Marunouchi business district, where it owns 32 buildings. Mitsubishi Estate's total property holdings in Japan have a book value of $5bn, but that is a significant underestimate of their market value, given the rising prices of Tokyo property.

The company began investing overseas in the early 1970s. Its projects include a partner*ship formed* in 1973 in a 102 acre residential project in Florida, and large stakes in Los Angeles' Citicorp Plaza and a 1,000 acre resort in Palm Desert, California. In the City of London the company owns Atlas House.

Mr Kato said the company was convinced that London, New York and Tokyo would remain the pre-eminent financial centres – hence the Rockefeller purchase and work in Paternoster Square.

Mitsubishi Estate is a member of the Mitsubishi *keiretsu*, or corporate group, which includes Mitsubishi Heavy Industries, Mitsubishi Bank, and, at the core, Mitsubishi Corporation.

Manville looks to Europe for sales growth

By Andrew Baxter

MANVILLE, the US building materials and forest products group, expects Europe to offer the best growth opportunities *in the next few years in view of* weaker prospects for the US construction industry and economy in general.

Mr Tom Stephens, president and chief executive, said Manville's competitive position in Europe gave it the chance to benefit both from developments in eastern Europe, and from the 1992 EC internal market reforms. Europe accounts for around 25 per cent of Manville's total sales and 25 to 35 per cent of profits. Both percentages are expected to rise.

Mr Stephens said Manville was focusing particularly on acquisitions or expansion in the packaging industry, where the company manufactures *beverage carriers and folding* cartons. The fragmented nature of the packaging industry meant that acquisition *opportunities would be avail*able, he said.

By contrast it would be more difficult to expand by acquisition in glassfibre products, where the industry was more of an "oligopoly," said Mr Stephens. But the company's German glassfibre operation stood to gain from infrastructural developments in eastern Europe. "Obviously there will be demand, the question is when," he added.

The one disadvantage for Manville in expanding in Europe stemmed from its unique status. The company emerged as a new entity from Chapter 11 bankruptcy proceedings in November 1988, *and is now 80 per cent owned* (on a fully diluted basis) by two trusts set up to pay the thousands of asbestos-related claims that caused the bankruptcy filing in 1982.

Mr Stephens explained that Manville gained substantial tax benefits from payments to the trusts, which could encourage investment in the US.

Manville is now legally insulated from the asbestosis claims, of which 140,000 remain unsettled, because of a permanent injunction stopping such claims against the company. The average settlement rate is running at $40,000.

The company's long-term financial fortunes, however, are linked to the trusts, which can claim 20 per cent of net earnings from 1992 toward the claims. Mr Stephens said most *sophisticated* investors had assumed that these payments would be made in perpetuity.

Manville is working hard to encourage institutional investment in the company, which has risen from about 2 per cent before the re-emergence from Chapter 11 to about 25 per cent. Mr Stephens said Wall Street perceptions of the company had improved, with its underlying performance beginning to be recognised.

Last week the company reported the results of its first full year out of Chapter 11 with net income from continuing operations of $172.7m against $89.1m in 1988, on sales of $2.19bn against $2.06bn. The company was buoyed by a strong performance in its US and Brazilian forest product operations.

Swiss Volksbank posts record SFr136.5m net

By John Wicks in Zurich

SWISS VOLKSBANK, one of Switzerland's "big five" banks, booked a 13 per cent increase in net profits last year to a record level of SFr136.5m ($92.5m) from SFr120.1m.

At the bank's annual general meeting on March 16 the board is to propose payment of unchanged dividends of SFr75 a share and SFr7.50 a participation certificate, and the transfer of SFr35m to reserves compared with SFr28m transferred in 1988.

In Berne, the bank's home town, chief executive Mr Walter Rüegg said the improvement in earnings was "gratifying."

This was particularly so, he said, because expenditure on four new operations in New York, Tokyo, Hong Kong and Singapore had exceeded income by about SFr22m.

However, this had been expected and results in 1990 were expected to be substantially better, he added.

In the profit-and-loss account, net interest income rose by 8.3 per cent to SFr543.9m and net commissions by 15.9 per cent to SFr302.7m.

Mr Rüegg said that the bank's currency and precious-metals trading had been a particular success; earnings improved by 17 per cent to SFr94.3m. This was due mainly to Swiss and UK business.

The balance-sheet total *increased by 11.4 per cent in* 1989 to a high of SFr38.52bn.

Within this total, advances to clients were up 13.1 per cent *to SFr28.2bn* and the due-from-banks figure by 8.6 per cent to SFr5.31bn.

On the liabilities side, *clients' funds went up by 6.7 per* cent to SFr30.53bn, with a shift of savings accounts into higher-interest deposits, while *the due-to-banks total jumped* 47 per cent to SFr4.79bn.

Financial services unit helps Imasco to 14% rise

By Robert Gibbens in Montreal

IMASCO, the financial services, fast food, tobacco and retailing group, reported a 14 per cent gain in profit for the fourth quarter and 16 per cent for 1989. It is raising its dividend for the 16th year running.

The strength came from the financial services unit, Canada Trust, a larger market share in tobacco products and better performance by retailing activities in Canada and the US.

The US fast-food business performed well in a highly *competitive market. It is being* expanded by the acquisition of the Roy Rogers chain for US$365m.

Fourth-quarter net profit was C$118.2m (US$99.3m) or 94 cents a share, up from C$103.4m or 84 cents a year earlier, on revenues of C$1.5bn, down 2 per cent. For the year earnings were C$366.1m or C$2.89, against C$314.3m or C$2.51, on revenues of C$5.7bn, down 5 per cent.

BAT Industries, the UK holding company, has a 40 per cent interest in Imasco.

The quarterly dividend goes up from 28 cents to 32 cents.

Bowater chief optimistic over newsprint

By Maggie Urry

MR ANTHONY Gammie, chairman and chief executive of Bowater Inc, the US pulp and paper group, said yesterday that he thought the low point in the North American newsprint cycle had been reached.

He was in London visiting institutional shareholders following the release of profit figures for 1989. These showed a sharp fall in operating income for newsprint, from $164.4m to $87.9m. Group operating income fell from $84.5m to $63.5m.

Mr Gammie said it was now two years since newsprint prices were last increased and discounting of prices had been widespread as production had exceeded demand. However, he felt that prices were now near their low point, although he said this was not a generally held view.

Bowater had managed to maintain profitable rates of capacity usage and forecast a low point of 92 per cent, much higher than the 84 per cent rate seen in the 1983 downturn.

However, the group's pulp business, which achieved operating margins of more than 50 per cent in 1989, now faces a less buoyant period. The pulp price, which had risen for an unprecedented period, was now weakening, Mr Gammie said. Prices in North America are 7 to 8 per cent off their peak.

He added, however, that the exchange rate of the dollar meant that Bowater's pulp and newsprint could be exported at competitive prices.

The company's capital expenditure, about $400m in 1989, is expected to fall to about $235m in 1990.

Mr Gammie said the group's balance sheet was strong, and this would allow Bowater to take advantage of opportunities thrown up by the downturn in the pulp and paper cycle.

A project to build a newsprint mill in Venezuela – which is a joint venture between Bowater, the Canadian newsprint maker Abitibi-Price and the Venezuelan Government – should have been finalised last week, Mr Gammie said. There had been a hitch, but the project was still expected to go ahead.

INTERNATIONAL COMPANIES AND FINANCE

Sharp fall in profits for Danish bank groups

By Hilary Barnes in Copenhagen

DENMARK'S six largest banks, which are merging to form two giant groups with retroactive effect from January 1, maintained operating profits. However, net profits were slashed by a reduction in the value of the securities portfolios, reflecting a fall in bond prices in the Danish market.

The three banks which will form the Nordic region's largest bank – Danske Bank, Copenhagen Handelsbank and Provinsbanken (to be known in future as Danske Bank) – reported a fall in combined net profits from DKr2.85bn ($450m) in 1988 to DKr760m.

The combined assets of the three at the end of the year were DKr389bn and equity and reserves were DKr22.9bn.

Profits after costs but before depreciation and provisions increased from DKr3.97bn to DKr4.14bn. Provisions were up from DKr2.12bn to DKr2.18bn, and earnings before the adjustment for portfolio values were up from DKr1.52bn to DKr1.61bn.

The group was hit by an "unsatisfactory" performance at Handelsbank, which saw net profits collapse from DKr1.10bn to DKr59m after increasing provisions from DKr835m to DKr971m and making a loss of DKr168m on the portfolio adjustment.

The banks in the second group, Privatbanken, SDS, and Andelsbanken – which will be known in future as Unibank – reported a decline in net earnings from DKr1.84bn to DKr1.24bn.

Earnings after costs were slightly down from DKr3.49bn to DKr3.45bn. The banks were able to cut provisions from DKr2.01bn to DKr1.68bn, although Privatbanken's provisions were up from DKr809m to DKr924m.

Earnings before the portfolio adjustment increased from DKr894m to Dkr1.76bn. The group did better than its new rival on the portfolio adjustment, which showed a loss of DKr112m compared to a gain in 1988 of DKr1.52bn. The balance sheet for the three banks totalled DKr300bn.

GrandMet may sell its petfood business in US

By Philip Rawstorne in London

GRAND Metropolitan, the UK food and drinks group, yesterday announced it was discussing the possible sale of Alpo, its US branded petfood business. Industry estimates suggested the price could be between $650m and $700m.

Alpo is the sixth largest operator in the highly competitive $7bn US market, with pre-tax profits last year of $45m on sales of $400m. It has obvious attractions for any of its five major rivals – Ralston Purina, Mars, Nestlé, Heinz, and Quaker Oats.

Mr Allen Sheppard, GrandMet's chairman, said yesterday: "You have to be a billion dollar player in that market but there were no signs that any of our competitors were going to discard. Since there were doubts whether the business fitted into our core strategy of developing as a consumer foods and drinks retailer, we decided we should sell."

If GrandMet finds a buyer at around $700m, a profit multiple in the mid-20s, City analysts estimated yesterday the proceeds would reduce the company's pro-forma gearing from just under 100 per cent to 80 per cent. GrandMet shares closed at 604p, up 10p on the day.

Acquired in the £190m ($319m) takeover of the Liggett tobacco and drinks conglomerate in 1980, Alpo has been built up by GrandMet, increasing trading profits for the fourth consecutive year in 1989.

After a reorganisation and heavy investment in computer hardware and systems, sales this year are expected to rise to around $500m.

The company manufactures and markets canned and dry dog food, cat food and snacks under the Alpo label. It markets petfood under the Jim Dandy label in the south-east US and the Blue Mountain brand in the north-west US.

Havas rises 28% to FFr965m

By George Graham in Paris

HAVAS, the French communications group, has announced a 28 per cent rise in net profits last year to FFr965m ($170m), and forecasts a further 12 per cent rise this year to FFr1.085bn.

Pre-tax earnings, excluding exceptional profits, rose by 49 per cent to FFr1.72bn, and Havas forecast a further 18 per cent rise in 1990.

The group said that sales had risen by 20 per cent last year to FFr18.92bn, but this figure did not include the results of three major holdings which are not consolidated: Eurocom, the advertising group; CEP Communications, the book and magazine publishing group; and Canal +, the pay television channel.

Canal +, of which Havas owns 25 per cent, last week reported a 19.5 per cent gain in net profits to FFr740m. The channel is the biggest contributor to Havas's profits.

Avenir, the posters and freesheets business owned jointly with MAI of the UK, is the second most important profit generator. Its turnover rose by 89 per cent to FFr3.04bn, following the merger with MAI, and its profits are understood to have risen substantially.

Profits from Comareg, the leading French freesheet company with a market share estimated at 28 per cent, more than doubled last year to reach about FFr90m from FFr40m in 1988.

The company, in which Avenir owns a 52 per cent stake, is expected to be floated on the French second market in the first half of this year when Mr Paul Dini, the group's founder, and Suez, the investment banking conglomerate, will sell some of their shares.

Havas's tourism business, which has been a problem sector and which barely broke even in 1988, is understood to have made a profit on turnover up 10 per cent to FFr3.89bn.

UBF plunges 38% to FM738m

By Enrique Tessieri in Helsinki

UNION Bank of Finland (UBF), one of Finland's two largest banks, said that last year's group profits before provisions and taxes plunged by 38.6 per cent from FM1.20bn ($307m) in 1988 to FM738m in 1989.

The group's operating profit also took a sharp drop from FM1.86bn in 1988 to FM1.24bn. Credit losses jumped 44.7 per cent from FM443m to FM641m.

Mr Ahti Hirvonen, chairman, blamed high Helsinki inter-bank offered rates (Helibor), which rose to 16 per cent last autumn to discourage lending and cool down an overheated Finnish economy.

High Helibor interest rates have depressed volume and share prices at the Helsinki Stock Exchange and affected the general performance of all Finnish banks, especially during the last four months of last year. Credit write-off losses for all Finnish banks in 1989 are expected to reach some FM2bn.

The biggest write-off, FM112m, incurred at UBF was from Wärtsilä Marine, one of Europe's largest shipbuilding companies that filed for bankruptcy last October.

Mr Björn Wahlroos, deputy chief general manager of UBF, said the new cash reserve requirements – FM230m compared with FM80m – imposed on national banks by the Bank of Finland strained the group's financial result.

Earnings per share for the group fell from FM3.73 to FM1.67, while consolidated return on equity dropped from 11.1 per cent to 5 per cent. Total consolidated assets for the group saw an increase of 11.3 per cent to FM147.6bn.

Rising costs force KLM down 2.7% to Fl 58.6m

By Our Financial Staff

RISING operating costs have led KLM, the Dutch international air carrier, to report a 2.7 per cent decline in third-quarter net profit to Fl 58.6m ($31m) from the year-earlier Fl 60.8m. The downturn was despite an extraordinary gain of Fl 11.8m in the latest period.

In addition, the airline showed an operating loss of Fl 20.4m in the current quarter against a pre-tax operating profit of Fl 60.8m a year ago.

Over the first nine months the airline posted a Fl 451m net profit. It said it expected its full-year net profit to be unchanged from the Fl 374m recorded in 1988/89. This would indicate a loss for the fourth quarter, which the company blamed on strikes at Boeing which have seriously delayed delivery of the new Boeing 747-400 jumbo jets.

On the Amsterdam stock exchange, KLM's shares fell Fl 1.80 to Fl 36.40 after the results, which were worse than expected.

Although KLM showed a gain in revenues in the third quarter of 8 per cent – climbing to Fl 1.6bn from Fl 1.48bn in the year-ago period – this rise did not match a 14 per cent increase in operating costs to Fl 1.62bn.

Among the big jumps in cost were fuel bills which rose 35 per cent to Fl 183m from Fl 135.1m a year earlier.

The setback at KLM came during a time when passenger traffic rose by 8 per cent, freight traffic was up 3 per cent and mail traffic declined only 3 per cent.

Paper groups link

FOUR French family-owned paper producers will merge to form what they say will be the number one European producer of specialised paper, Reuter reports.

Family groups Bonduelle, Dalle, Lecomte and Sibille said in a statement they decided to merge in a new entity called Sibille Dalle.

The new group will have a combined turnover of more than FFr3bn ($532m).

Mann Egerton gears up for continental car sales

John Griffiths on a drive into European retailing

Amid the gleaming cars and potted shrubbery at Schmoldt & Axmann, a large and very up-market BMW dealership in Kiel on the north-eastern tip of West Germany, is a token snack bar which calls itself a restaurant.

Its existence is explained, as Schmoldt & Axmann's new British owners have discovered, not by BMW diversifying into the fast-food business – but because it allows the dealership to open on Sundays while still complying with German law.

Such "restaurants" are to be found at the more commercially aggressive car dealerships all over West Germany. They represent just one of the unsuspected motor trade "wrinkles" that Mann Egerton, part of the UK-headquartered Inchcape services and marketing group, has encountered in its "invasion" of the car retailing sector in continental Europe.

Yesterday Mann Egerton announced it is completing the first, 18-month phase of its expansion into the Continent, of which it is a pioneer among UK dealer groups and on which so far it has spent more than £25m ($42m).

It is now the owner of a dozen car dealerships in France, West Germany and the Benelux countries with a forecast combined turnover of £125m for the current year and sales of nearly 6,500 new and 3,300 used cars.

Mr Richard Martin, chief executive, says Mann Egerton expects to plunge into further rounds of continental acquisitions.

These are likely to lead not only to further expansion by Mann Egerton in northern Europe, but eventually to a presence for the group in Italy, Spain and Portugal.

In three years, suggests Mr Martin, European activities could be accounting for a half, or even more, of total Mann Egerton profits.

The precise contribution made by Mann Egerton to Inchcape profits is not disclosed in the group's accounts. However, it is understood to be a substantial contributor to the motors division profits, which in the first half of 1989 jumped by 31 per cent to account for £57.8m of Inchcape's £86.8m pre-tax profits.

Richard Martin: sees huge potential in Europe

When UK activities are included, Mann Egerton represents 21 vehicle makers, has 70 dealer outlets, employs more than 3,000 and has a turnover exceeding £500m. It represents BMW through five outlets in West Germany, has Jaguar, Rolls-Royce, Range Rover and Volkswagen/Audi dealerships in France, and Jaguar and Toyota outlets in Luxembourg.

There is a deliberate concentration on up-market franchises, where profit margins on service as well as sales are substantially higher than the volume cars sector.

Behind the moves is a growing conviction within Inchcape that car retailing in much of Europe is a relatively undeveloped sector comprising mainly small, usually family-owned businesses.

As such, senior Inchcape figures like Mr Derek Whittaker, director of the group's motor activities, believe it is ripe for exploitation by large, publicly-owned and professionally-managed UK motor trading groups for which there are no direct counterparts in Europe.

In France, in particular, the prevalence of "mama's and papa's" dealerships – the motor trade's jargon for family businesses – is self-evident. Even "prestige" makes such as Mercedes and BMW are often represented by inadequate, even shabby, street corner premises.

So both Mr Martin and Mr John Haines, managing director of Mann Egerton's operations in Europe, see huge potential for acquisitions and expansion before even starting to come up against the limits to growth they are already experiencing in the UK.

In Europe, "really, we could go on expanding, moving on from country to country, for as far into the future as anyone sensible would look," according to Mr Martin.

France was chosen as the initial venture because, "without wishing to be at all arrogant, the level of sophistication in car retailing is so much less than in the UK and we could transfer readily into the French market," says Mr Haines.

"It's not that the French haven't wanted to invest in retail trade – but they simply don't seem to have found much profitability in it."

This is partly accounted for by traditionally high VAT levels on cars – reduced last October – low service levels and, say Mann Egerton officials, low service expectations which have kept service charges themselves low.

However, one of the biggest European commercial opportunities seen by Mann Egerton relates to used car markets.

In the UK a dealer pays VAT only on the profit element of a used car transaction, yet dealers in most of Europe have been obliged to pay VAT on the full sale price of any used car they sell.

From July 1, however, the entire EC is to adopt the British system of VAT on used cars. This will open up a significant profit centre for the motor trade in which the British have long been acclaimed as particularly expert, not least because of the broad spread of makes and models sold in the UK, which is greater in variety than almost any other European market.

The surprising element is that, so far at least, only Mann Egerton and Tozer Kemsley and Millbourn, New Zealand entrepreneur Sir Ron Brierley's UK vehicles and property group, have begun seriously to test the waters of European car retailing.

INTERNATIONAL CAPITAL MARKETS

Canberra remains firm on ASC despite court ruling

By Chris Sherwell in Sydney

AUSTRALIA'S Federal Government yesterday rejected suggestions that a High Court judgment had dashed its plans for a single, national regulatory regime for the country's companies and securities markets.

In an important constitutional case involving federal/state relations, the country's highest court ruled in favour of New South Wales, South Australia and Western Australia, and against the Canberra Government.

The three states had challenged federal legislation setting up the new Australian Securities Commission (ASC) as a new corporate watchdog. The ASC is scheduled to replace the existing National Companies and Securities Commission (NCSC) and state-level Corporate Affairs Commissions on July 1.

Under particular scrutiny was Section 51 of the constitution, which empowers the Federal Government to make laws with respect to "trading or financial corporations formed within the limits of the Commonwealth [of Australia]."

The High Court had to decide whether this included the power to control the incorporation of companies in Australia. By a six-to-one majority it ruled that Canberra did not have this power, and that the states did.

In response, Mr Lionel Bowen, the Attorney General, said he would now urge the three challenging states to join with Victoria and Queensland in agreeing to refer their powers to the Federal Government.

Reaffirming the Government's commitment to a national companies and securities scheme, he said the decision did not alter the fact that companies and securities legislation in Australia was in dire need of urgent reform.

"The inadequacies of the current co-operative scheme have never been more apparent or demanding of urgent governmental responses than in the present climate of corporate breakdowns and consequent losses of confidence in business and financial markets," Mr Bowen said.

The Sydney-based ASC also appeared to take the finding in its stride. The private view there was that it represented a hiccough which affected companies being formed but not the Federal Government's power to regulate the 810,000 in existence already.

But the business sector, notably the Business Council of Australia, which represents chief executives of the country's principal corporations, expressed disappointment at the finding. And some corporate lawyers were critical of Mr Bowen. They pointed out that the Federal Government had failed to persuade key states to refer their power, had gone ahead with legislation and lost the challenge to it, and might now lack the goodwill to press home a second attempt at persuasion ahead of a looming general election.

According to one lawyer, yesterday's developments meant there was no guarantee of a clear handover from the NCSC to the ASC on July 1, and would have an impact on the continuity of regulation and various inquiries under way. "All uncertainties are now perpetuated," he said.

Hong Kong selects 14 market makers

The Hong Kong Government has chosen 14 financial institutions as market makers for the Exchange Fund Bills it will soon introduce, AP-DJ reports.

They include Bank of America NT & SA, Bank of China, Bank of East Asia, BOT International (HK), Citibank NA Hong Kong, Hang Seng Bank, Hongkong and Shanghai Banking, IBJ Asia, Jardine Fleming, Manufacturers Hanover Asia, Nomura International (Hong Kong), Paribas Asia (1986), Schroders Asia and Standard Chartered Bank.

Debt warning on Australia

STRICT ADHERENCE to new guidelines from the Bank of England on third world debt would mean UK commercial banks having to set aside provisions on their loans to Australia, according to a report from IBCA Banking Analysis, the UK credit-rating specialist, writes Stephen Fidler.

The new guidelines, known as the "matrix," require provisions for the first time against some countries whose economic indicators show a high debt and debt-servicing burden, even when there has been no default. According to IBCA, Australia's score would be enough to trigger provisions.

IBCA said: "After the indignation shown by the Australian authorities at their reduction in rating by the major US rating agencies . . . we are confident that, in this area at least, the Bank of England will be lenient in the interpretation of the rules."

According to IBCA, other countries now facing provisions include Hungary (8 per cent), Algeria (8 per cent) and India (about 11 per cent).

EIB may stop lending to eastern Europe

By Lucy Kellaway in Brussels

EUROPEAN Investment Bank (EIB) said yesterday its newly-acquired function as a lender to eastern Europe might cease once the new European Bank for Reconstruction and Development had been set up.

"It is possible that the new bank might take over these responsibilities," said Mr Ernst-Gunther Broder, president of the EIB. The bank was ready to provide both resources and people to the EBRD in its start-up phase, he said.

He was announcing the bank's results for 1989, which showed a 20 per cent rise in lending to Ecu12.25bn. For the first time the EIB – which has always been the dominant issuer in the Ecu bond market – raised more money in Ecus than in any other currency, with such issues making up 20 per cent of the total Ecu9bn borrowed last year.

Mr Broder said the EIB was currently evaluating projects in Hungary and Poland. Last year it was authorised to lend Ecu1bn over a three-year period to these countries. Initially the money would be lent to transportation projects in Poland and to telecommunications developments in Hungary he said, but the EIB was also examining projects in other sectors that would help to build the countries' economies.

He argued that eastern European lending should not be confined to private enterprises. "You can't limit bank lending to the private sector," he said. "There is a vital need for infrastructure investments in these countries."

All but Ecu612m of the EIB's lending last year was within the Community, mostly to long-term projects in areas receiving regional aid. The growth in lending was largely a result of preparations across the Community for the single market, the bank said.

There was a large increase in money lent for transport and telecommunications, which received Ecu2.7bn, and to projects for protecting the environment. Small and medium-sized companies also received a greater share of EIB lending, with loans granted to 7,605 companies, most of them in depressed parts of the Community.

IBM puts UK pension plan into custody

By Stephen Fidler, Euromarket Correspondent

NORTHERN TRUST, the Chicago-based bank with assets of more than $10.5bn, said yesterday that IBM UK had appointed it as master custodian for its £1.1bn pension plan.

The move by IBM to hire a master custodian, responsible for the safekeeping of assets, trade processing and settlement, accounting and customised reporting reflects the spreading of US practices into the UK pension fund market.

The decision follows similar moves by companies such as Ford UK and Rolls-Royce, as the administration of company pension funds becomes more difficult to co-ordinate and an increasing number of fund managers are used by each fund. IBM's fund uses 18 managers.

Mr Jeffrey Ruzicka, senior vice-president in charge of international services for the Northern Trust, called the move, which takes effect on July 1, "a significant advance in the continuing development of the custody market in the United Kingdom."

The US banks that lead this market are pushing for its development in the UK, which has the second largest pool of employee benefit funds in the world, after the US.

Madrid considers equity options

By Deborah Hargreaves

THE Madrid Stock Exchange is considering the introduction of a screen-based equity options market following a study by Arthur Andersen, the UK tax and accounting firm, that found favourable conditions for a derivatives market in Spain.

The study found Spain had sufficient equities that were eligible to have an option traded on them and that there were few obstacles to setting up an options exchange.

Madrid is keen to counter competition from two other nascent derivatives exchanges in Spain. Sweden's expansive exchange, OM, recently started up a Spanish venture in conjunction with local partners and Barcelona is planning to set up an exchange to trade interest rate futures.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 8

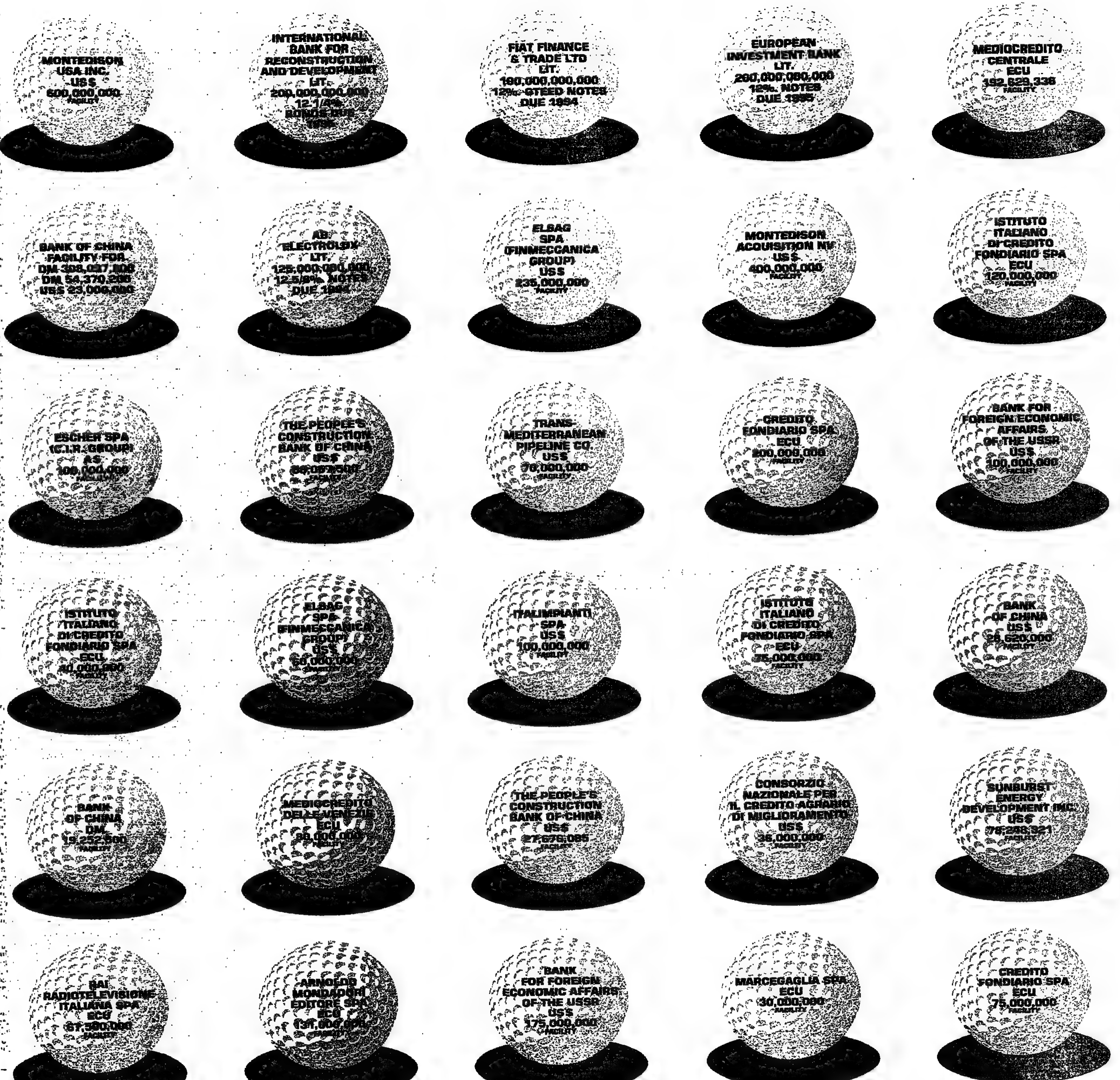
US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria 9¾ 93	140	101¼	101⅝	+0⅛	-0⅛	9.08
B.F.C.E. 8¾ 94	175	97⅛	97½	+0⅛	-0½	9.12
B.F.C.E. 9¼ 95	150	100	100⅛	+0⅛	-0⅛	9.21
Brit. Tel. Fin. 9⅜ 98	250	†99⅝	100⅛	-0½	-1	9.38
Canada 9 96	1000	100⅜	100⅞	+0⅛	-0½	8.86
C.C.C.E 9¼ 95	300	100⅛	100⅝	+0⅛	-0⅛	9.15
C.N.C.A 9⅜ 93	150	†99⅞	100⅜	0	-0½	[illegible]
Credit National 8¾ 93	200	†97⅜	97⅞	0	-0⅛	9.12
Credit National 7⅞ 92	100	96⅝	97⅛	0	-0⅛	[illegible]
Credit National 9½ 92	160	†100⅞	101⅜	0	-0⅛	9.02
Dai-Ichi Kan 9⅝ 92	150	100½	101⅛	+0⅛	-0⅛	[illegible]
Denmark 8¼ 94	150	†96¼	96¾	+0⅛	-0½	9.21
E.E.C. 7 91	100	96⅞	97⅜	0	-0⅛	[illegible]
E.E.C. 10 93	140	†102¼	102⅝	0	-0½	[illegible]
E.I.B. 8½ 99	150	95	95⅛	+0½	-0⅝	[illegible]
Eurofima 10⅛ 93	100	†102¼	102⅝	+0⅛	-0½	9.20
Elec. De France 9 98	200	98⅛	98⅞	+0⅛	-0⅞	9.24
Elec. De France 9½ 99	200	—	—	—	—	—
Finland 9 96	250	98¼	99⅛	+0⅛	-0⅛	9.20
Finn. Exp. Cd. 8½ 92	200	99	99½	+0⅛	0	8.89
Finn. Exp. Cd. 9⅜ 95	200	100	100½	+0⅛	-0⅛	9.30
Ford Motor Credit 8 91	250	†98⅝	99⅛	0	-0⅛	[illegible]
Gen. Elec. Cap. Corp. 9 93	500	†99⅞	100⅛	+0⅛	-0⅛	[illegible]
Gen. Elec. Cap. Crp. 10 1/2 91	300	101⅜	101⅞	0	-0⅛	8.97
G.M.A.C. 8¾ 94	500	†97	97½	+0⅛	-0⅛	[illegible]
G.M.A.C. 9 96	300	97⅜	97⅞	+0⅜	-0⅛	[illegible]
Gen. Mtrs. Corp. 9⅛ 92	200	99½	100⅛	+0⅛	-0⅜	9.20
IBM Credit Corp. 8⅝ 92	400	99	99⅜	0	-0⅛	8.97
IBM Credit Corp. 8⅞ 91	250	99⅜	99⅞	0	-0⅛	[illegible]
IBM Credit Corp. 9 92	250	99⅞	100⅛	+0⅛	-0⅛	[illegible]
IBM Credit Corp. 9½ 92	250	100⅞	101⅛	0	-0⅛	[illegible]
Italy 8½ 94	1500	97⅛	97⅝	+0⅛	-0⅜	[illegible]
Italy 9½ 95	1000	101⅛	101⅝	+0⅛	-0⅜	[illegible]
Italy 9⅝ 99	1000	101⅛	101½	0	-1⅛	[illegible]
Itoh C. W/W 4⅞ 94	1000	†108⅛	109⅛	-0⅞	-0⅞	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6¼ 91	80	99½	99¾	-0¼	-0¼	6.69
Canada 5⅛ 93	80	96⅛	96⅝	0	-0¼	6.78
Cr.Local France 6¼ 94	300	96⅝	96⅞	-0¼	-0¼	6.57
Denmark 6¼ 95	300	96¼	97	-0⅛	-0¼	6.56
E.I.B. 4⅞ 93	30	94¼	94⅝	-0⅛	-0⅛	6.92
Norway 5⅛ 95	50	93⅜	93⅝	+0⅛	+0⅛	6.65
Sweden 4⅝ 93	50	93⅛	93⅝	-0⅛	-0⅛	6.91
World Bank 5¼ 98	10	89	89⅜	-0⅛	-0¼	6.92
World Bank 7 94	20	100⅜	100⅞	-0¼	-0¼	6.81

Average price change... On day -0¼ on week -0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	95⅛	95⅞	0	-0¼	11.50
Abbey Nat. 11⅛ 93 £	100	95⅛	95⅝	+0⅛	0	13.61
Aegon 7¼ 92 FL	100	98⅛	98⅝	0	-0⅛	8.04
Alg. Bk. Ned. 5¾ 93 FL	200	91⅝	92⅛	0	-0⅛	8.85
Austria 7½ 94 ECU	100	†89½	90	-0⅞	-1¼	10.69
Barclays Aus. 13½ 91 A$	100	96⅞	97⅜	-0⅛	-0¼	15.42
Belgium 8¼ 94 Ecu	150	91⅛	91⅞	-0⅛	-0⅞	10.77
Bell Canada 10⅞ 04 C$	200	97⅛	97⅝	-0⅛	-0⅛	11.23
BP Capital 9⅜ 93 £	100	90½	91	+0⅛	-0¼	13.49
British Airways 10 98 £	100	85⅞	86¼	-0⅛	-0⅜	12.88
Brit. Telecom 9½ 93 £	150	†90½	91	+0¼	-0¼	13.32
Comm. Bk. Aust. 12⅞ 93A$	100	†95	95½	-0⅛	+0⅛	14.47
Comm. Bk. Aus. 13¼ 94 NZ$	60	102⅞	103⅜	-0¼	-0⅞	12.74
Credit Foncier 9 96 Ecu	100	92⅞	93¼	-1⅛	-2⅛	10.53
Cr.Local France 9¼ 92Ecu	100	†96⅞	97⅜	-0⅜	-0⅞	10.65
Deut. Bk. Aus. 13⅛ 93 A$	125	98⅝	99⅛	-0¼	-0⅜	13.73

IN 1989 WE SCORED A NUMBER OF HOLES IN ONE



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German bonds continue to plunge

By Martin Dickson in London and Janet Bush in New York

WEST GERMAN government bonds plunged yesterday for the fourth day running on fears that monetary union with East Germany would mean higher interest rates and inflation.

GOVERNMENT BONDS

The dive was led by dealing on the London International Financial Futures Exchange, where one Bund trader said there had been "possibly the most volatile intra-day trading ever."

In a day of wild rumours, the Bundesbank denied as "without any foundation" a suggestion that it had asked for Bund trading on Liffe to be suspended. The March contract there closed at 84.69, compared to 85.18 the night before, a high of 84.95 and a low of 83.85.

In the cash market, the Federal Government's 7¼ per cent January 2000 bond was fixed 1.15 marks lower at 93.40. Its yield rose to 8.24 per cent from 8.06 per cent on Wednesday. Ten-year bonds are now at their highest yield for at least five years.

The market gained some stability in the afternoon and the benchmark bond was quoted in late trading some 5 pfennigs lower than the fixing level. *Dealers attributed this to short* covering and some investor interest at the shorter end, but said the market was very illiquid.

■ AFTER two successful auctions in the quarterly refunding, US Treasury bond prices have finally started lifting, leaving yields modestly less attractive for yesterday's final 30-year bond sale.

At midsession, short-dated maturities were up around ⅛ point and the Treasury's benchmark long bond was quoted $\frac{1}{32}$ point higher to yield 8.496 per cent. This compares with the recent peak of 8.61 per cent.

Bond prices had started the session slightly lower on lingering concerns about the long bond auction, but then turned round. Having talked about nothing but this week's auction, the market's focus is now likely to shift. The first priority will be today's release of January's Producer Prices Index, with the general forecast being a rise of 1.2 per cent, 0.6 per cent taking out food and energy.

The bond market is also likely to start analysing the implications of developments in Europe, notably the West German decision to support immediate talks with East Germany on currency union. There are also expectations on Wall Street that Japanese interest rates will move higher.

■ IN LONDON, gilts had a yo-yo session, falling sharply during the morning in sympathy with West Germany but then managing a partial decoupling in the afternoon, helped by a firmer early tone on Wall Street.

One analyst said that, despite the UK's economic problems, Britain suddenly looked a "haven of stability."

The benchmark Treasury 11¾ per cent due 2003/07 closed around 105$\frac{5}{32}$, up $\frac{11}{32}$, to yield 10.94 per cent, below the 11 per cent barrier again.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-07	+7/32	12.22	12.11	11.84
		10.500	5/99	95-13	+16/32	11.30	11.20	10.79
		9.000	10/08	88-24	+22/32	10.37	10.29	9.95
US TREASURY *		7.875	11/99	96-01	+13/32	8.48	8.44	8.00
		8.125	8/19	95-30	+16/32	8.50	8.48	8.09
JAPAN	No 119	4.800	6/99	88.8881	-0.434	6.74	6.57	6.14
	No 2	5.700	3/07	94.7463	-0.234	6.34	6.30	6.00
GERMANY		7.125	12/99	92.3000	-0.900	8.30	7.88	7.49
FRANCE	BTAN	8.000	10/94	90.8820	+0.104	10.84	10.35	10.22
	OAT	8.125	5/99	89.2200	+0.150	9.94	9.88	9.57
CANADA *		9.250	12/99	94.7250	+0.425	10.11	9.99	9.82
NETHERLANDS		7.500	11/99	92.0500	-0.990	8.74	8.30	8.12
AUSTRALIA		12.000	7/99	95.2206	-0.784	12.88	12.79	12.89

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

British Gas launches debut Swiss issue

By Deborah Hargreaves

BRITISH Gas made its first issue in Switzerland yesterday, when Banque Paribas brought a placement for British Gas International Finance of SFr100m worth of bonds carrying a 7½ per cent coupon to the market.

INTERNATIONAL BONDS

The deal was received well by a range of institutional buyers, even though the market considered the issue price a little high.

The deal was trading around its fees at a level of less 1⅛ late yesterday.

The Swiss market opened in a nervous mood yesterday, with some of the recent bond issues being hurt by the plethora of new issues that have hit the market this week. Some co-managers in the bond groups have been criticised for offloading paper into a volatile market in a bid to absorb the new deals.

A recent issue by the Republic of Austria was trading at less 2⅝ bid in the afternoon, after starting the day at less 3. However, these levels attracted some buying interest as they offered a yield to the 10-year call of 7.39.

Later in the day, some edginess from the sell-off in the German market spilled over into Switzerland. The EuroD-Mark market fell between 25 and 75 pfennigs early in the day, but later stabilised for technical reasons.

The Eurolira market continued to show strength, with Exxon's recent issue trading within its fees at a level of less 1.39-1.35. The World Bank's recent deal was at a level of less 1.70 bid.

In the UK, Swiss Bank Corp launched a Y20bn deal for its Cayman Islands subsidiary, SBC Finance, which carried a 7 per cent coupon. The deal was sold partly to Japanese investors and partly to European institutions, and was trading at 100 bid and 100⅛ offered late last night.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
SBC Finance (Cayman Is.)(a)♦	20bn	7	101⅞	1995	1⅞/1¼	Swiss Bank Corp.
C. Itoh Finance(a)♦	10bn	7¼	101½	1993	1⅞/⅞	Nomura Int.
Christiania Bank(a)♦	7bn	7⅛	101⅜	1993	1⅞/⅞	Nomura Int.
Postipankki(d)♦	1½bn	9¼	100⅞	1991	⅞/½	Nippon Credit Int.
SWISS FRANCS						
British Gas Int.Fin.(a)★★♦	100	7½	101⅛	1995	1⅛	Banque Paribas (Suisse)
D-MARKS						
Kredietbank Int.Finance(c)♦	80	10⅛	101½	1992	1¼/¾	Bankverein Bremen
US DOLLARS						
Shikibo Ltd.(b)‡♦	100	2¾	100	1994	2¼/1½	Nomura Int.

★★Private placement. ‡With equity warrants. ♦Final terms. a) Non-callable. b) Coupon cut by ¼% from indication. c) Redemption linked to SFr exchange rate. Non-callable. d) Redemption linked to Nikkei stock index.

Richard Waters and Lucy Kellaway on EC plans for capital adequacy

Strong UK lobby fights Brussels' draft rules

WITH AN eye on New York, Tokyo and Zurich, the UK is concerned that the attractions of London (and, it claims, other EC centres) for securities business will fade if capital rules are set at too high a level.

Its four main objections to the EC proposals, which as yet appear only in a draft of a draft directive, are:

● Not enough credit is given to firms which hedge or diversify their portfolios. These risk-reduction measures should be taken into account – otherwise there is no encouragement for firms to adopt prudent risk-management policies.

● The ¼ per cent of all unsettled bargains that would have to be put up to guard against settlement risk is too high. This would multiply British firms' capital requirement in this area by up to 25 times.

● The definition of capital does not recognise that non-bank securities firms make extensive use of short-term loans to support their short-term positions.

● The initial capital required of a firm that holds clients' money, at Ecu500,000, is set too high and will act as a barrier to entry. Compare this with the UK minimum – the greater of £10,000 or three-month's expenses.

Firms which do not hold client money have to put up at least Ecu50,000.

The large number of independent intermediaries in the UK would be "grandfathered," meaning they would not need to meet the requirement – but it would be next to impossible for anyone to set up a small business in future.

A strong British lobby has been mobilised to fight the proposals, starting with the Securities Association and spreading to the Bank of England and Department of Trade and Industry.

Recent statements on the subject have been muted, though, reflecting a fear that the campaign may make the German position still more entrenched.

Europe's investors seek a Cad with sense of fair play

The game is called Cad (Capital Adequacy Directive).

The aim is to provide European investment firms with capital requirements that will protect the consumer and guard against systemic risk in the financial system, yet at the same time maintain competitiveness with firms in the rest of the world and not give firms in some EC states unfair advantages over those in others.

It is not easy, as the European Commission has discovered. Over the past eighteen months it has had four goes at preparing a draft, each time pleasing some firms only to enrage others.

The commission is trying to make a level playing field, but has discovered that the angle looks different depending on where one is standing. At one end are the independent British securities companies, used to a flexible system of regulation, and at the other the securities departments of the West German universal banks, which are covered by strict banking rules.

Put bluntly, if the sort of capital adequacy rules demanded by the Germans were to be adopted, half of the British investment industry fears it would be put out of business.

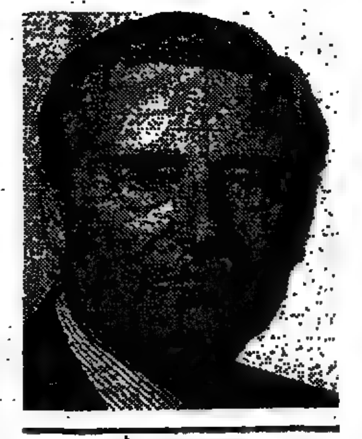
If the rules wanted by the British were to win through, the German securities industry could face some fierce competition on its own soil.

The position of both sides seem pretty intransigent.

Neither camp likes the current EC draft, though it is the UK which has made the loudest noise and seems likely to win the greatest concessions.

German opposition was expressed in a recent memo sent by the German Finance Ministry to the Banking Advisory Committee, which insisted that no distinctions whatsoever should be made between regulations governing banks and those governing investment firms.

"We think that any limitation to equal treatment is quite unacceptable," it said. "If banks were to be disadvantaged vis-a-vis investment firms, this would throw the switch to changes in the banking structure which are not acceptable."



UK opposition to the proposals is spearheaded by the Department of Trade and Industry, with support from the Securities Association and the Bank of England, headed by its governor Sir Robin Leigh-Pemberton (above)

This throws doubt on the whole principle of the directive, which is based on the notion that different sorts of capital requirements are needed for banks and for investment institutions because the nature of the business and the risks are different.

The solvency directive, a vital part of the EC banking legislation finally passed by member states in December, took account only of credit risk. It established a minimum level of capital of Ecu5m, and adopted a notion of "own funds" based on existing Basle definitions.

By contrast, the capital adequacy directive contains a quite different method of establishing solvency, taking account of a wide variety of different risks, including position risk, settlement risk, exchange rate risk, interest rate risk and so on.

The minimum level of capital is set much lower, and what counts as capital is more broadly defined, to include debt of much shorter maturities.

It was in the light of strong German objections that the most recent draft of the directive was changed.

The amendments are regarded as bluntly unacceptable in the UK, which says that business will flee from Europe as a result.

So be it, seems to be the German response: "We would consider it a matter for some concern *if the European* Community were to be satisfied right from the outset with inferior securities protection provisions and were thus to promote competition in laxity."

This head-on collision has been brewing since at least last summer.

An attempt then by the International Organisation of Securities Commissions (Iosco) to reach agreement on its own capital adequacy proposals was thwarted by German opposition.

Iosco is only a pale reflection of the banking industry's Basle committee.

Until a stronger agency emerges, the chances of a world-wide capital adequacy system for the securities business are slight, making it difficult for the EC to develop its regional set of rules.

Meanwhile, the Commission has between now and Easter to come up with a final draft to be presented to member states. Frustrated by the fact that the exercise (which at this stage is usually conducted behind the closed doors) has been conducted in the angry public glare, it is trying to take its final move privately.

However, it appears to be taking the views of the UK seriously, and the final draft is certain to represent some move in their direction.

One possibility – which has been tentatively suggested by some German negotiators – would be to make a distinction between securities held for trading and those for investment, although this approach has been rejected in the UK in the past for being too difficult to implement.

In any event, it is only when the final draft is published that it will be passed to member states for the real discussion to begin. It is bound to be lively.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thursday February 8 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Feb 7 Index No.	Tue Feb 6 Index No.	Mon Feb 5 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (202)	889.91	+0.6	12.78	4.79	9.53	1.34	884.84	888.84	895.67	923.57
2	Building Materials (27)	1097.15	+0.7	14.35	5.15	8.69	0.56	1089.39	1088.38	1101.79	1150.71
3	Contracting, Construction (36)	1504.31	+0.1	16.45	5.23	7.96	0.14	1586.09	1510.45	1522.87	1696.87
4	Electricals (10)	2551.11	+0.3	10.55	4.88	11.92	0.00	2542.36	2562.46	2593.65	2606.68
5	Electronics (30)	1934.01	+1.5	9.30	3.73	13.91	9.76	1905.30	1918.20	1932.40	2071.86
6	Engineering-Aerospace (8)	446.89	......	13.53	4.94	9.08	0.04	447.02	449.61	452.96	0.00
7	Engineering-General (44)	474.67	+0.1	11.82	4.97	10.19	0.34	474.32	475.04	476.49	0.00
8	Metals and Metal Forming (6)	474.38	+0.7	24.86	6.34	4.54	0.00	471.12	472.88	472.46	522.39
9	Motors (16)	369.99	-0.2	14.33	5.70	8.18	0.00	370.62	370.66	375.29	315.73
10	Other Industrial Materials (25)	1604.76	+0.5	10.51	4.50	11.04	3.00	1596.97	1611.28	1622.69	1563.60
21	CONSUMER GROUP (177)	1269.93	+0.7	8.90	3.75	14.03	2.10	1260.59	1264.56	1278.87	1194.92
22	Brewers and Distillers (22)	1483.35	+0.5	9.42	3.55	13.10	6.54	1475.30	1477.05	1497.67	1292.10
25	Food Manufacturing (19)	1115.20	+0.7	9.60	3.96	12.96	1.70	1107.81	1113.27	1130.01	1061.79
26	Food Retailing (16)	2299.40	+1.0	8.82	3.30	14.70	3.63	2275.95	2282.74	2311.93	2075.63
27	Health and Household (13)	2468.48	+1.1	6.34	2.65	18.78	0.20	2441.81	2465.06	2482.27	2160.03
29	Leisure (33)	1604.50	+0.5	8.41	3.69	14.64	0.54	1597.23	1601.87	1625.36	1587.52
31	Packaging & Paper (13)	581.50	+0.1	12.09	5.33	10.45	0.90	580.92	582.19	582.27	603.80
32	Publishing & Printing (17)	3570.83	+0.8	9.06	4.95	14.09	20.50	3544.19	3543.00	3576.15	3065.14
34	Stores (31)	790.20	+0.6	11.03	4.76	11.79	0.25	785.59	781.87	789.83	804.78
35	Textiles (13)	511.51	+0.8	11.30	5.86	10.73	0.00	507.41	511.20	514.45	522.76
40	OTHER GROUPS (104)	1186.94	+1.3	10.77	4.69	11.13	0.38	1171.49	1176.13	1187.56	1056.49
41	Agencies (17)	1593.67	+1.6	6.58	2.10	18.71	0.05	1568.72	1555.28	1547.97	1225.00
42	Chemicals (22)	1213.17	+1.3	12.50	5.31	9.43	0.27	1197.26	1199.71	1205.74	1226.00
43	Conglomerates (13)	1633.60	+1.1	11.00	6.08	10.68	0.00	1615.75	1628.08	1637.74	1488.59
44	Transport (13)	2271.57	+0.5	10.65	4.23	11.96	2.00	2257.29	2275.31	2301.30	2314.81
46	Telephone Networks (2)	1254.59	+2.4	10.12	4.08	12.85	0.00	1224.59	1236.31	1255.53	1104.60
47	Water (10)	2007.58	+0.1	17.36	6.75	6.38	0.00	2005.53	2010.00	2025.30	0.00
48	Miscellaneous (27)	1886.14	+0.8	9.41	4.35	11.98	0.91	1871.20	1868.49	1896.64	1464.74
49	INDUSTRIAL GROUP (483)	1163.40	+0.9	10.44	4.30	11.71	1.37	1153.25	1157.57	1169.12	1104.72
51	Oil & Gas (17)	2436.97	+1.2	8.84	4.68	14.95	6.21	2409.81	2427.17	2444.35	1929.96
59	500 SHARE INDEX (500)	1269.10	+0.9	10.21	4.36	12.09	1.75	1257.52	1262.95	1274.99	1175.23
61	FINANCIAL GROUP (114)	836.22	+0.5	–	5.09	–	0.35	831.68	840.30	852.65	767.99
62	Banks (9)	889.38	+0.7	19.26	5.64	6.82	0.00	883.26	891.43	909.49	774.33
65	Insurance (Life) (7)	1389.21	-0.8	–	4.78	–	0.00	1400.26	1414.14	1429.37	1065.52
66	Insurance (Composite) (7)	697.88	+1.1	–	5.42	–	0.00	690.14	703.73	714.95	608.17
67	Insurance (Brokers) (6)	1122.37	+0.6	6.58	5.62	20.22	0.00	1116.06	1124.01	1130.73	1070.36
68	Merchant Banks (8)	502.02	+0.4	–	3.54	–	0.00	500.23	493.43	493.25	352.45
69	Property (49)	1169.06	+0.7	7.01	3.71	16.20	0.94	1160.62	1174.55	1189.61	1330.38
70	Other Financial (28)	331.28	+0.2	12.41	6.38	10.30	1.44	330.77	332.65	334.12	390.17
71	Investment Trusts (68)	1226.87	+0.4	–	2.98	–	0.45	1221.49	1229.89	1237.19	1083.66
91	Overseas Traders (5)	1434.31	+0.6	10.60	6.37	11.10	30.79	1426.30	1434.69	1453.42	1437.19
99	ALL-SHARE INDEX (687)	1164.32	+0.8	–	4.44	–	1.55	1154.55	1160.69	1172.59	1075.88

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 7	Feb 6	Feb 5	Feb 2	Feb 1	Year ago
FT-SE 100 SHARE INDEX‡	2331.0	+23.6	2331.2	2321.0	2307.4	2321.1	2348.4	2355.1	2345.8	2079.1

FIXED INTEREST

	PRICE INDICES	Thu Feb 8	Day's change %	Wed Feb 7	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	115.36	+0.17	115.16	–	1.39
2	5-15 years	124.65	+0.57	123.95	–	1.38
3	Over 15 years	133.48	+0.93	132.25	–	0.33
4	Irredeemables	151.05	+0.89	149.71	–	0.00
5	All stocks	124.12	+0.47	123.53	–	1.28
	Index-Linked					
6	Up to 5 years	140.85	+0.18	140.60	–	0.00
7	Over 5 years	136.89	+0.27	136.52	–	0.64
8	All stocks	137.07	+0.27	136.71	–	0.59
9	Debentures & Loans	101.79	+0.21	101.58	–	0.35
10	Preference	81.33	-0.63	81.85	–	0.16

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 8	Wed Feb 7	Year ago (approx.)
	British Government				
1	Low	5 years	10.72	10.79	8.88
2	Coupons	15 years	10.32	10.43	8.77
3		25 years	10.20	10.31	8.74
4	Medium	5 years	11.80	11.90	9.98
5	Coupons	15 years	10.72	10.83	9.23
6		25 years	10.33	10.44	8.89
7	High	5 years	11.95	12.01	10.14
8	Coupons	15 years	10.92	11.03	9.43
9		25 years	10.47	10.58	9.05
10	Irredeemables†		10.24	10.33	8.75
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.28	4.33	3.51
12	Inflation rate 5%	Over 5 yrs.	3.82	3.84	3.55
13	Inflation rate 10%	Up to 5 yrs.	3.39	3.44	2.69
14	Inflation rate 10%	Over 5 yrs.	3.66	3.67	3.39
15	Debs & Loans	5 years	13.36	13.38	11.63
16		15 years	12.81	12.84	11.20
17		25 years	12.80	12.83	10.80
18	Preference†		11.41	11.34	10.04

‡Opening index 2321.2; 10 am 2323.6; 11 am 2324.4; Noon 2324.8; 1 pm 2324.1; 2 pm 2325.7; 3 pm 2327.9; 3.30 pm 2330.9; 4 pm 2328.6 (a) 4.43pm (b) 9.39am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	89	2	9
Corporations, Dominion and Foreign Bonds	8	1	28
Industrials	424	234	20
Financial and Properties	219	76	401
Oils	38	14	42
Plantations	1	1	8
Mines	38	47	76
Others	108	46	100
Totals	925	421	1,616

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+ or -
280	[illegible]	5/3	27pm	12pm	Cook (Wm.) 20p	14pm	
110	[illegible]	5/3	14pm	8pm	Fisher (A.) 5p	13pm	+1½
216	[illegible]	–	26pm	16pm	♦Norfolk House 5p	26pm	+3
90	[illegible]	–	3pm	½pm	Plateau Mining 20p	½pm	
670	[illegible]	–	114pm	79pm	[illegible]	87pm	+4

[illegible]

TRADITIONAL OPTIONS

● First Dealings Feb 5
● Last Dealings Feb 16
● Last Declarations May 10
● For settlement May 21

For rate indications see end of London Share Service

Calls in Next, Wilton, Control Secs., Miller (Stanley), Gaelic Res., Coloroll, Allied Irish, Aviva Pet., and Priest Marians. Put in Priest Marians.

LONDON TRADED OPTIONS

TRADING on the options market was thin yesterday as stock market dealing remained subdued. Sears was once again the main feature of the day as speculation that Hanson might take a stake boosted turnover and pushed the underlying equity higher. The actively traded stocks were the blue chip industrial and electricals.

Total market turnover amounted to 28,252, compared with 32,791 on Wednesday. *Yesterday's total was divided* between 15,980 calls and 10,272 puts.

Once again investors were reluctant to trade actively, although the stock market's rally helped sentiment. The London market continued to be driven by movements on Wall Street but was worried by the prospect of a rise in West German interest rates; until it becomes clear which will dominate sentiment, investors remain cautious.

However, one positive sign for the options market has been the increase in open interest, reflecting a willingness by some investors to commit themselves.

Sears was the busiest option, outpacing even the *FT-SE 100* index option. An agency broker was said to have sold several thousand contracts, including the June 110 calls and June 110 puts. This deal, called a strangle, was neutral and suggested that the share price would not be volatile.

Indeed, the option traded more contracts than the underlying equity, which dipped 1 to 103p on 1.6m turnover. Total turnover in Sears amounted to 4,754 lots, equivalent to 4.7m shares. Of these 1,991 were calls and 2,763 puts. The June 110 call series was the busiest, trading 1,716 contracts.

Of the other stock options, there was an active two-way market *in BT after its better than* expected latest quarterly results. A total of 1,539 traded, divided between 1,204 calls and 335 puts. A seller of 700 May 300 calls at 22p was reported.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*485)	460	50	58	73	7	16	18
	500	21	33	50	23	32	36

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Ultramar (*376)	340	33	48	58	13	17	22
	390	18	30	42	28	32	35

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*105)	180	11	17	20	7	10	12
	200	2	7	11	22	24	27

[illegible]

UK COMPANY NEWS

Gases lift BOC to £81.5m in first quarter

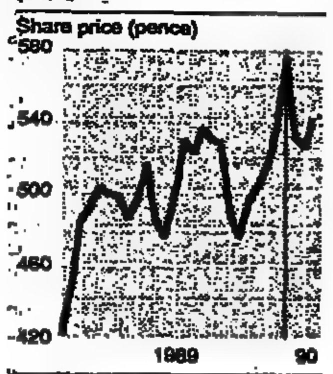
By Andrew Bolger

BOC, the industrial gases and health care group, reported a 6.5 per cent increase to £81.5m in pre-tax profits for the three months to December 31. Turnover rose 16 per cent to £696m and earnings expanded from 10.39p to 11.31p. The shares closed 17p higher at 543p.

Mr Richards Giordano, chairman and chief executive,

BOC

Share price (pence)



said: "This result is in line with our expectations for the quarter, and consistent for our plans for the year as a whole. Our gases business had a strong first quarter. The health care business showed modest profit growth, and we are confident that profits will improve further over the rest of the year."

Mr Giordano said the vacuum technology and distribution services businesses had made a good start to the year, although their overall result had been affected by the timing of shipments of glass coating machines from Airco Coating Technology in California.

The industrial gases results were boosted by sales of gas plants in Europe, but growth was particularly strong in the north Pacific.

WB Industries

WB Industries, Midlands-based maker of springs and presses, said its shares were suspended at 26p on Wednesday pending an announcement about acquisitions, which it hoped to make soon.

Lengthy negotiations end in France's largest leveraged buy-out

Nu-Swift sells Sicli stake for £184m

By John Thornhill

NU-SWIFT, the fire extinguisher and office furniture group, is to sell its 88.3 per cent stake in Sicli, the French fire protection and detection group, for FFr1,768m (£184m) cash.

The deal forms part of one of France's largest leveraged buy-outs and values the whole of Sicli at FFr2,003m.

The buyers are a group of investors arranged by Rothschild et Cie and Drexel Burnham Lambert who have been in discussions with Nu-Swift since last November.

These discussions followed the foundering of a leveraged buy-out proposal from Wasserstein Perella, Bankers Trust and LBO France, which valued Sicli at £214m.

It is estimated that Nu-Swift will receive about £143m after tax from the disposal, which it proposes to invest in similar businesses in the service sector.

The deal is conditional on Sicli making pre-tax profits of FFr288m in 1989. In 1988 Sicli made pre-tax profits of FFr240m on turnover of FFr1,266m, which accounted for just under three quarters of Nu-Swift's profits.

Sicli will continue to supply Nu-Swift with its fire protection products.

Provided Nu-Swift's shareholders accept the sale of the Sicli stake, the investor group will offer FFr523 per share for all the remaining shares in Sicli and FFr480 per share for the outstanding shares in General Incendie, a 90 per cent-owned subsidiary of Sicli.

The buyers negotiated a call option with Nu-Swift last November to Sicli's shares at FFr567 apiece, but this option lapsed at the end of December.

Yesterday's offer values each Sicli share at FFr523.

Nu-Swift's remaining interests are in Nu-Swift International, which sells and maintains fire equipment in the UK and the rest of Europe, and in HPC, a US building maintenance company.

Nu-Swift is 58 per cent owned by its French chairman, Mr Jacques Murray, while ADT, the services group headed by Mr Michael Ashcroft controls a further 20 per cent.

Nu-Swift's shares rose sharply on the announcement gaining 25p to close at 498p.

LIT shares fall 24% after loss warning

By Deborah Hargreaves

LIT HOLDINGS yesterday announced that it would incur a loss for 1989.

At the same time the transatlantic futures clearing and corporate finance group revealed that its bank borrowings totalled more than £35m – a level of indebtedness which surprised even close observers of the group.

The shares, which have lost more than two thirds of their value in the past several months, fell 8p to 25p.

In response LIT said it would consider spinning off its US operations which have provided more than half of the group's overall profits in the recent past. It also said it would pass the payment of its preferred dividend due in March.

Profits were dented last October when three traders in Chicago made a loss of some $9m (£5.6m) by using a risky trading strategy, but LIT had expected to report a small profit for the full year.

Although the US division has seen a downturn in trading in some of its key contracts, it will show a small profit for the year. But this will not be enough to offset poor performances by some of the UK divisions.

The root of LIT's problems has been its rapid growth by acquisition over the past two years. This has left it with a level of indebtedness that far outweighs the value of its assets. In fact, the group is seeking to amend its articles of association which currently limit borrowings to three times its net tangible assets.

With more than £35m in bank debt to pay – after the sale of its stake in the Levitt Group, a personal finance firm – and assets of less than £11m, LIT has been forced to give its UK lending banks security over its major assets. Furthermore the company also has to face possible additional performance-linked payments of £12m on its acquisitions.

As part of an effort to pay off some of its bank debt, LIT has liquidated Jersey General Investment Trust which it bought in 1988 for £60m. The group is also considering the sale of a host of smaller assets.

The company will hold an extraordinary general meeting on February 28 for shareholders to approve the sale of the Levitt stake and amend the company's borrowing powers.

See Lex

SeaCon launches tender offer at $70

By Andrew Hill

SEA CONTAINERS yesterday began the final episode in the long-running saga about the future of the group, by announcing a new $70per share tender offer for roughly half its own equity.

The offer is in line with predictions by Mr James Sherwood, Sea Containers' president, at the height of the nine-month-old hostile bid for the ferry and container group by Stena, a private Swedish shipping group, and the UK container rental company Tiphook.

Since the new year the two sides have agreed that the predators should buy certain Sea Containers assets for $1.1bn.

The new recapitalisation is similar to the defensive plan Sea Containers unveiled at the end of October in an attempt to fight off that bid.

However under the new plan the pay-out will be scaled down if a large number of investors opt to accept the cash tender offer.

Under the previous proposals, excess shares would have gone to new investors. Now, surplus cash raised from the sale of assets to Stena and Tiphook will be used to reduce Sea Containers' hefty borrowings.

But Sea Containers expects that the combination of cash and shares retained in the continuing business will still be worth at least $70 per common share.

The group forecast earnings for 1990 of $10 per share, rising to $12 in 1991.

"Shareholders are going to own shares in a company which has got much lower gearing and therefore is a much more comfortable and secure investment than under the previous plan," explained Mr Sherwood yesterday.

The new plan must be approved at a shareholder meeting in Bermuda on March 15 and could take effect from April 6.

It will increase the holding of Sea Containers' subsidiaries and directors from 26 per cent to at least 40 per cent.

Colonnade puts forward scheme for break-up

By Andrew Bolger

COLONNADE Development Capital, a small investment company which is facing a hostile 163p per share cash bid, said yesterday that its proposed liquidation should provide 204p per ordinary share by the end of the year.

Colonnade again rejected as inadequate the £8.24m offer made last week by Stratagem Group.

Colonnade said it had decided that, after discussions with major institutional shareholders, the interests of shareholders would be best served by a liquidation.

Colonnade said it proposed to make a capital repayment to shareholders of 99p per share, the maximum available for capital distribution. This would be subject to the approval of shareholders and the courts and should be available around early April.

This cash payment would be followed by a liquidation and an expected payment to all shareholders of substantially all the remaining funds in the company before December 31.

Last December Stratagem led shareholder opposition which blocked a plan by Colonnade to reorganise its management and purchase British & Commonwealth Holdings' development capital arm, Colonnade's investment manager.

Stratagem gained the support of institutions when it objected to Colonnade's proposals and they were withdrawn. At that time, Stratagem made a conditional offer of 142p per share for Colonnade in order to affect a liquidation.

Mr Bernard Kerrison, Stratagem chairman, said yesterday that the book value of the shareholdings on which Colonnade had based its liquidation estimate was unrealistically high, because of the cross-holdings by other B&C funds.

Falcon Resources' losses quantified

By Philip Coggan

HEAVILY qualified accounts filed at Companies House show the extent of losses at Falcon Resources, the oil and gas company which has had its shares suspended since 1985. The accounts for 1985, 1986 and 1987 have not been sent to shareholders because of insufficient funds.

The auditors reveal that the company has been subject to an investigation by the Department of Trade and Industry under Section 447 of the Companies Act. In a statement in October 1988, Mr Francis Maude, former DTI Under-Secretary of State, appeared to rule out such an inquiry.

Meanwhile, an announcement in Stubbs Gazette shows that Mr Ronnie Monk, Falcon's long time chairman, has filed for personal bankruptcy. Mr Monk brought the company to the stock market in 1984, and the high-flying group temporarily attained a market capitalisation of £75m.

But the accounts reveal that by end-1987, accumulated losses had wiped out shareholders' reserves. The company made pre-tax losses of £3.65m in 1985, £2.21m in 1986 and £904,000 in 1987. Even those deficits exclude losses by Falcon-Andrau Energy, the US partnership in which Falcon had a one-third share. Under a liquidation plan, which has yet to be completed, Falcon is to acquire certain of FAE's assets.

Auditors Ernst & Young say that "we have not completed our audit in accordance with accounting standards and have not obtained all the information and explanations that we require". The accounts are prepared on a going concern basis, assuming that the company will obtain sufficient finance to pay its debts, and that the FAE deal will be completed.

The auditors add that "currently there are no arrangements that will provide for the provision of the finance required. Thus the basis upon which the financial statements have been prepared is not appropriate."

Ernst & Young say that the company has not implemented Companies Act provisions requiring it to hold an Extraordinary General Meeting to deal with the serious loss of capital.

Further qualifications relate to a settlement with Venturelarge, a company controlled by financier Mr Oliver Jessel, and litigation concerning the 1984 drilling programme.

Shareholders have several times had their hopes raised about a relisting. A January 1989 announcement involved a proposed £5m rights issue but that has yet to be arranged. Falcon's current chairman is Mr Anthony Alderton.

Strong & Fisher in talks with banks and warns of loss

By Nikki Tait

STRONG & FISHER, one of the two remaining quoted companies in Britain's much-depleted leather industry, yesterday warned that it would show a loss in the six months to end-December and said it had been obliged to renegotiate its extensive borrowings.

However, Strong added that the interim loss should show a "marked improvement" on the £1.9m pre-tax deficit logged in the six months to end-June, and that "recent export orders support the board's confidence in the trading prospects of the group."

Strong's shares, which have slumped from more than 250p in early-1989 to less than 80p recently, gained 7p to close at 85p yesterday.

The company said that the catalyst for the renegotiating of its loan facilities was that the substantial portion of those were secured on a 27.4 per cent holding in rival leather company, Pittard Garnar. Of the £37.3m debt at the end-June balance sheet date, £16m funded the Pittard holding. Shareholders' funds at that date were £24.7m.

Strong has waged a complicated three-year battle for control of Pittard, and substantially increased its stake last April. Since then, Pittard's share price has roughly halved – it fell a further 10p to 120p yesterday – and the Strong stake is now worth £7.13m.

Under the new arrangements, the facilities supplied by 11 banks will be reorganised under one facility co-ordinated by Hambros Bank. Interim arrangements have been agreed and longer-term facilities should soon be in place.

Strong said that the overall margin on the interim arrangements did not differ from that on existing facilities, but that security was now being extended to assets other than the Pittard holding.

It refused to comment on whether there were any disposal plans with respect to the Pittard holding, but said "all assets are being looked at." The board will consider the position regarding dividends next month.

Pittard, meanwhile, said that it expected to discuss matters with its advisers in an effort to resolve the situation. Hillsdown Holdings, the large food group which once toyed with acquiring Pittard Garnar, indicated that it was unlikely to get involved.

Coloroll sells Drew to its management for £16.5m

By Ian Hamilton Fazey and Alice Rawsthorn

COLOROLL, which recently announced plans for financial restructuring, has sold Alexander Drew, a textile printing business, to a management buy-out team for £16.5m.

Drew, bought in 1986, has been up for sale since November when the home furnishings group announced a sharp fall in interim profits.

Coloroll, which has suffered severely from the impact of higher interest rates on consumer demand for home products, needs to raise capital to reduce the borrowings built up by its acquisitions in the 1980s and to alleviate its cashflow problems.

Last month Coloroll was forced to ask its bankers for short-term support to meet the contingent liabilities it incurred through its involvement in the sale of Response, a former subsidiary, as a management buy-out. Coloroll's advisers are now preparing proposals for a restructuring programme to recapitalise the group.

The buy-out package of £16.5m is divided between up to £14.9m in cash and obligations under financial leases of £1.6m which will be assumed by the buy-out team.

The managers have secured an extra £3.5m, part of which will be used to pay for new computer-controlled printing equipment. Morgan Grenfell Development Capital led the buy-out. The debt was provided by Bank of Scotland.

Drew made pre-tax profits of £2.5m in the year to March 31.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Birse ....int	0.25	Apr 5	-	-	-
Budgens ....int	2	July 6	2	-	6.67‡
Elbief ....int	0.181	Apr 7	0.585	-	1.925
Fleming American....fin	1	Apr 6	0.87	1.5	1.2
Throgmorton USM ..fin	3.3	Apr 27	2	3.3	2
Ward Hidge ....fin	2.1	-	2.1	2.6	2.6
YRM ....int	1.65	Mar 16	1.25	-	3.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡For 70 weeks.

UK COMPANY NEWS

Norfolk says Queens Moat bid final

By Andrew Hill

QUEENS MOAT Houses is not going to raise its hostile bid for rival hotel company Norfolk Capital Group, and will not extend the offer beyond February 26.

The decision means Norfolk shareholders have been given just over three weeks since the offer document was posted to make up their minds, compared with the normal 60-day maximum bid period.

Mr John Bairstow, Queens Moat's chairman, said yesterday: "We don't want to waste a lot of our time and money; we don't want to waste a lot of [Norfolk's] management time."

But Norfolk condemned the Queens Moat move as an attempt to hurry shareholders into accepting the £176m offer.

Mr Tony Richmond-Watson, Norfolk's chairman, added: "We think they were rushed into this by market factors because their share price had been falling in anticipation of their having to make a higher offer underpinned by cash."

Queens Moat said yesterday that it had never considered a cash alternative to its two-for-five share exchange offer. Yesterday, the value of the bid almost matched the Norfolk share price of 42½p, down ½p, as Queens Moat's shares strengthened 4p to 106p. The predator also increased its stake in Norfolk from 4.45 per cent to just under 6 per cent.

Norfolk has to produce its defence document, which will include a valuation of the group's properties, within the next week.

Its 21,000 shareholders have been receiving regular circulars about the future of their company since the beginning of December, when Balmoral International, a private company, announced its plan to take over management of the group. That plan was thwarted at a special shareholder meeting last month although the Norfolk board remains split on some of the issues.

Queens Moat also produced a profits estimate for 1989 of £62m before tax, against £42.2m in 1988, giving earnings of 7.54p per share.

The group said it would recommend a final dividend of 1.22p, which would make 2.28p for the year. The group's properties have been revalued at more than £1.4bn, a surplus of £125m over the 1988 valuation.

Henderson launches high income trust

By Nikki Tait

HENDERSON Administration, the fund management group, is launching a high income investment trust, to be called Henderson Highland Trust, with funds of between £26m and £30m.

Highland Trust will invest primarily in blue chip UK equities and to a lesser extent, in convertible shares. The portfolio may also take in a small overseas equity element and some fixed interest securities.

Henderson, however, intends that the portfolio should allow the trust to fully qualify for Personal Equity Plan purposes throughout its 10-year life.

The articles of association envisage that shareholders will be given a chance to vote on winding up the fund on February 28 2000. Such measures have become common practice as part of the effort to prevent significant gaps developing between a trust's share price and its underlying assets. The *Highland Trust's 10-year life is* slightly unusual – wind-up dates after seven years being more typical of new trusts.

The aim is to raise up to £30m, through the issue of 30m shares. Investors will be entitled to receive one free warrant for every five shares held. The warrants allow holders to subscribe for one new share at 100p at any time between 1996 and 1999.

Of the shares being issued, 21m have been placed – about £5m-worth with clients of Cazenove, brokers to the trust, and a similar amount with Witan, another trust in the Henderson stable. About £11m-worth is expected to go to private client stockbrokers and intermediaries. Up to 9m shares will therefore be avail*able for public subscription, of* which 5m have been underwritten.

The estimated gross starting yield is 7 per cent, and dividends will be paid quarterly. The trust will not initially have any gearing but may introduce a "conservative element" in the future. The annual management fee is 0.75 per cent.

• COMMENT

In the current flood of new trusts, it is rather difficult to see what significant new element Highland brings to the party. One could even point out that Henderson already runs one UK-oriented income trust, namely Lowland - although, given that the long-term record here is very good, perhaps this should be a *matter of comfort rather* grouse. For any investor giving heavy weight to the income element, there may be more attractive opportunities in the sector, and Highland's fees are not the lowest for this type of trust. That said, the relatively modest amount being sought from the public, the reputation of the houses involved, and the trust's PEP-ability probably makes the issue relatively safe. On a broader note, one can only hope that the trust sector, having at last seen its fortunes revive, will manage a little self-restraint on the new issue *front before all the recent* improvement is sadly undone.

Mixed results behind 21% rise at Birse

By John Thornhill

BIRSE GROUP, the construction and civil engineering group, reported a 21 per cent increase in interim profits in its first set of results since joining the Stock Exchange last September.

Taxable profits advanced to £5.24m (£4.33m) in the half year to October 31 on turnover 16 per cent ahead at £105.11m (£90.37m).

The group's construction activities, which account for about 80 per cent of profits, were hampered by the slow rate of growth in the industry during the period but turnover was still 20 per cent up on the previous year at £98.47m.

Demand for retail construction projects, such as out of town superstores, was weak but Birse plans to offset this by increasing its business in big infrastructure projects in the road building and water sectors.

Mr Peter Birse, the company's founder and chairman, added that the joint venture with Bilfinger and Berger, the West German construction group, now gave it critical mass and enabled it to tender for bigger projects.

The plant hire division, which accounts for about 20 per cent of profits, was said to have performed well during the period.

But the group's home building activities incurred losses in the first half and were "unlikely to return to profitability in the near future." Birse's commercial property development programme did not materially contribute to the results.

The telecommunications business – installing fibre optic telephone cables – also incurred losses in the first half but was currently trading profitably and had "encouraging" growth prospects for next year.

Earnings per share *amounted to 6.8p (5.8p).* A maiden interim dividend of 0.25p was declared.

Mr Birse said that although conditions remained difficult in the building industry the group remained well placed for further expansion. "We are hoping to see more aggressive growth next year," he said.

• COMMENT

This set of results was well received by the City although some analysts withheld firm judgment because of Birse's change in status and the difficulties of direct comparison between its performance as a private and public company. But Birse has undoubtedly done well in a sticky sector and there is a seemingly good stream of future earnings in prospect. The company believes it will thrive on work from major infrastructure projects and that in particular it will be able to compete for road building and transport projects – its joint venture with Bilfinger and Berger will also allow it to benefit from the West German company's tunnelling expertise. Prospects in the "new private sector" in the water and electricity industries, also seem bright and will help offset weaknesses in the retail market. Plant hire will also contribute well, while Birse's rag bag of other interests will not figure greatly for the year. Pre-tax profits of about £14m look in sight putting Birse on an undemanding prospective multiple of about 8.5.

Medeva says only 28% of rights issue taken up

By Andrew Bolger

MEDEVA, the recently merged drugs company, said yesterday that only 28 per cent of its 16-for-5 rights issue had been taken up.

The 100p-per-share issue raised £87m. It was underwritten by Laing & Cruickshank, which will end up with 14.11 per cent of the enlarged share capital. Medeva shares fell 4p to 94p.

Medeva is a combination of Medirace, a Third Market drug company with a market capitalisation of £8m, and Evans Healthcare, the product of a management buy-out from Glaxo in 1986.

Evans makes unbranded generic drugs and vaccines and hopes to benefit from the Government's policy of cutting costs in the NHS by making less use of the more expensive branded drugs.

Medirace is developing the drug Contractan for AIDS and cancer treatment. Its shares were suspended at 127p in November when it announced the agreed acquisition of Evans for £87m.

Mr Ian Gowrie-Smith, managing director, said the com*pany had expected a large* shortfall in the take-up of the issue, but it mainly reflected the fact that the market had fallen steadily since the issue was announced.

Mr Gowrie-Smith said that all the major shareholders had sub-underwritten the issue and some 75 to 80 per cent of the enlarged share capital was in the hands of institutions.

Clinvest, an investment subsidiary of Credit Lyonnais, Laing & Cruickshank's parent company, holds 1.8m shares and clients of Laing & Cruickshank's investment management division hold 114,359 shares.

The Credit Lyonnais group accordingly controls 15.47 per cent of the enlarged equity. Laing & Cruickshank said it had no intention at present to sell its holding in the market.

It is expected that Mr Bernard Taylor, a former chief executive of Glaxo, will soon take over as executive chairman of Medeva from Mr William Gerard, who will become vice-chairman.

Second half recovery at Ward Holdings

By Nigel Clark

HIGHER commercial development profits were behind the better second half which helped Ward Holdings, the Chatham-based house*builder, property developer* and plant hire group, recover some of the first-half decline.

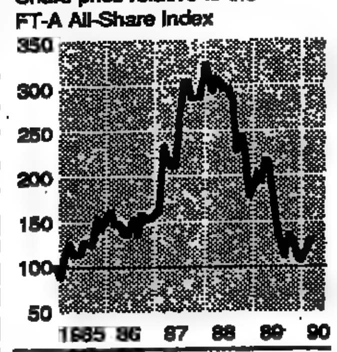
In the 12 months to end-October, pre-tax profits were halved at £7.22m (£14.44m). At the interim stage profits were £517,000, against £6.17m.

For the full year, housebuilding contributed only £1.04m (£12.98m) but property investment and commercial development reported £6.81m (£779,000).

There was a loss of £630,000 (£685,000 profit) on plant hire.

Ward Holdings

Share price relative to the FT-A All-Share Index



The shares closed 1p higher at 89p, after touching 93p earlier in the day.

For the future the company said it was prudent to plan for the continuation of a difficult residential market.

It added that pent-up demand would develop and a strong market might emerge in 18 months to two years' time.

Housebuilding turnover was lower at £37.57m (£50.3m), reflecting the move towards the construction of houses for first-time buyers and the reduction in other forms of work.

Ward said that there were opportunities in commercial development and property investment in Kent and it took advantage of this to sell a number of commercial properties while institutional demand was strong.

It sold a distribution centre for £15.75m.

Turnover in this division increased from £1.41m to £18.34m.

In the plant hire and other activities division, Anvil Plant Hire traded satisfactorily but Homecare Window Systems and Moulding Systems were both disappointing and had been sold.

Group turnover was higher at £63.4m (£59.74m). After tax of £2.76m (£4.91m), earnings per share came out at 8.5p (18.1p). An unchanged final dividend of 2.1p is proposed, maintaining the total at 2.6p.

UK COMPANY NEWS

Property sales help Budgens rise to £11.7m

By Maggie Urry

BUDGENS, the food retailer which was left at the altar last year by fellow grocer William Low, yesterday reported an 83 per cent rise to £11.7m in pre-tax profits for the half year to November 11.

Low last year launched an agreed £136m bid for Budgens, but later pulled out of the deal.

Most of the rise in Budgens' profits, however, came from an increase in gains on property disposals, essentially the sale of five stores, four of which went to Marks and Spencer. These profits reached £6.99m (£1.42m). Mr John Fletcher, chairman and chief executive, said the proceeds of the sales more than compensated for the loss of branch contribution.

The group is in the process of restructuring its store portfolio, selling smaller units and refurbishing existing ones to a new format. Fifteen stores were refurbished in the first half.

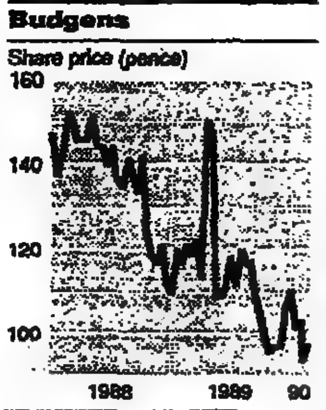
Operating profits from the food retail business rose by 3.7 per cent to £7.36m, on sales up 9.6 per cent at £157.99m. Mr Fletcher said the sales gain owed nothing to new store openings – three shops were opened at the end of the half year – but real growth of about 4.6 per cent was seen.

But increased marketing costs, which had boosted sales, and double-running costs associated with a new depot which is currently being tested, had affected margins.

The interest charge rose from £1.08m to £1.87m, as both interest rates and the debt level rose. Borrowings averaged £30m in the first half, but Mr Fletcher said disposals would reduce the level of debt which was higher than the group's retailing operations alone required.

During the half year Budgens, whose root was the Barker & Dobson sweet maker, sold its remaining interests in confectionery manufacturing, which resulted in an extraordinary cost of £304,000.

Budgens



Earnings per share rose to 8.71p (5.46p), after an increase in the estimated tax rate to 35 per cent. The interim dividend is unchanged at 2p.

● COMMENT

After the grandiose scheme to take over Gateway in 1988, and the disruption caused last year by Low's on-off interest, Budgens is now getting down to the task of repositioning itself as a strong, regional food retailer aimed at the neighbourhood market. It appears to have found a successful format, and it is now a question of rolling it out – which is easier said than done. New sites need to be found, which is still difficult even given the gloom in retailing, and buyers fixed up for the smaller stores. If more deals like the M and S one can be arranged, Budgens can expect to cut its gearing. Profit forecasts are complicated by a change of year end to April and the property gains. Excluding all property profits, the prospective p/e, with the shares up 3p at 97p, is approaching 13, but with some element of the property gains likely to recur, a p/e under 10 can be reached. With Sir Ron Brierley's IEP Securities sitting on a 9.4 per cent stake, the shares are not expensive.

Saltire urges bid rejection

By James Buxton

SALTIRE Insurance Investments, the Scottish investment trust which is subject to a hostile £11.8m bid from East of Scotland Investments, an unquoted Scottish investment group, last night formally urged shareholders to reject the bid as "unwelcome and inadequate".

It added that the bid, meant "exchanging marketable listed shares in Saltire for a mixture of inadequate cash and ESII's unquoted paper of indeterminate value and unknown marketability." The offer, a mixture of redeemable preferred ordinary shares, cumulative preference shares and cash, values each Saltire share at 78.75p.

Mr David Birrell, chairman, said the offer undervalued Saltire's portfolio and ignored the potential appreciation of Saltire's unlisted investments. He called it "an opportunist raid on Saltire's investment portfolio to boost ESII's asset base".

It's rationalisation time again

Hugo Dixon speaks to BT bosses about the cost-cutting campaign

IN THE immediate aftermath of its privatisation in 1984, British Telecom embarked on a major campaign to cut costs – mainly by reducing its staff numbers. Costs did start to come under control, but at the same time the quality of its service deteriorated alarmingly.

From 1987, therefore, BT largely abandoned its campaign against costs as the emphasis shifted to combating poor quality. Now, with quality on an upward path, BT has resumed the battle against costs and the drive to greater efficiency.

The increasing attention to costs is one of the factors behind BT's good third-quarter results, reported yesterday, which showed pre-tax profits increasing 11.6 per cent to £695m.

"The cost control is quite remarkable," says Mr Laurence Heyworth, an analyst at Robert Fleming Securities.

Nevertheless, Mr Barry Romeril, group finance director and the BT executive who is masterminding the current campaign, is keen to allay fears that the current campaign will end up, like the last, with customers being harmed. "The emphasis has to be on value for money, not on costs per se."

The drive towards greater efficiency has become apparent in six main ways over the past year.

● Staff costs. In the third quarter to the end of December 1989, the number of employees in BT's core business fell by 1,400 – reversing the trend of previous years when staff numbers had been on the increase. Overtime was also reduced.

"The direction is clear. We expect manpower numbers to reduce in the final quarter of the current financial year, next year and the year after," says Mr Romeril.

An attitude of economising on staff is spreading throughout the organisation. "If I can squeeze out a bod here or there, I do," says Mr Malcolm Argent, company secretary.

Barry Romeril: keen to allay fears that the current campaign will end up, like the last, with customers being harmed

Although BT refuses to put specific figures on how large it expects staff cuts to be, Mr Heyworth thinks they will average more than 5,000 a year. This would produce annual savings of about £75m, he says.

● Making managers more cost-conscious. "We've got over to managers that we can't have costs going up faster than turnover," says Mr Romeril.

In the past, BT's headquarters was fairly tolerant of differing performances on cost and quality between different districts. Now, says Mr Romeril, the HQ is less willing to accept rationalisations for why one district is doing worse than another.

The installation of better financial systems has also helped top management prod the laggards, because it is now able to make more accurate comparisons of performance between different parts of the business.

● Contracting-out peripheral services. Discussions about selling Reprographics, the in-house printing division, to its managers is already fairly advanced. BT management has also targeted the group's extensive motor transport and catering divisions as other possible candidates for management buy-outs.

The idea is that these peripheral services would flourish if they were spun out of the BT empire and that, in return, BT would get lower cost services. "It is all bringing into focus the costs of these things and whether there are better ways of providing them," says Mr Romeril.

● Selling off peripheral businesses. BT announced last month that it was looking for buyers for its 51 per cent stake in Mitel, a Canadian manufacturer of computerised switchboards. The reason was that equipment manufacturing no longer fitted into BT's overall strategy of becoming the world's leading supplier of telecommunications services.

Other businesses which BT entered in the immediate aftermath of privatisation, when its strategy was less focused, could also be up for sale. The most important of these are probably its cable television interests in the UK.

BT has about 20 per cent of the UK cable TV market but, like other players, has never made any money out of it. It hopes the Government will shortly allow it to carry TV over its main network, which would make its cable interests irrelevant.

"We are having a careful look" at what to do, was all Mr Graeme Odgers, BT's managing director, would say on the subject yesterday.

● Managing its vast property portfolio according to economic principles. Following a recent revaluation of its properties, BT thinks they are worth several billion pounds more than their value in the group's balance sheet.

Mr Romeril says there is no plan to revalue the balance sheet at present, but that the new valuations will be used internally to make more rational decisions about where various functions should be undertaken.

Moreover, from April 1, BT will be charging all its operations market rents for any of the group's properties that they occupy. Most now pay "peppercorn rents", says Mr Romeril.

An example of this new thinking is BT's decision to move up to 8,000 of its managerial staff out of London to lower cost locations in the Midlands and north of England over the next seven years.

● Tightening up inventories. "We have enormous stocks of nuts and bolts," says Mr Bob Raggett, BT's public relations director. "We would like to get to the Sainsbury's situation where we turn over stock in 15 days."

As part of this campaign, BT has told 200 of its smaller suppliers that it will not take any more orders for the rest of the current financial year. This should save it about £60m.

But, to get the full benefits of inventory control, all BT's districts will need to instal common coding systems, says Mr Romeril. The aim is that "when we run out of stock in one district, the first port of call is the next-door district".

Although these initiatives have had some impact on BT's most recent results, the cost-cutting campaign is still only in its infancy. It is clear that BT has so far reaped only a small proportion of the benefits.

Committee to monitor progress at Eagle Trust

By Philip Coggan

AN INFORMAL institutional committee has been established to offer advice to, and monitor progress at Eagle Trust, the mini-conglomerate being investigated by the Serious Fraud Office.

Mr David James, the Eagle chairman who is endeavouring to rescue the group, asked to keep in contact with a regular group of institutional investors.

Eagle, which had a market capitalisation of over £250m before the 1987 stock market crash, has many major institutional shareholders.

The Association of British Insurers put together a list of institutions and the informal committee has already met Mr James.

Eagle is hoping to spin off some of its main businesses in order to realise shareholder value; a relisting for the main group is unlikely.

Mr James announced at the annual meeting that the group had incurred losses of £64m, wiping out shareholders funds.

Eagle Trust's audited accounts for 1988 are expected to be produced shortly.

Steep midway fall to £70,000 at Elbief

Mr Samuel Prais, chairman of Elbief, the manufacturer of photograph and handbag frames, clocks, mirrors and leather goods, yesterday announced a sharp reduction to £70,000 in first half profits and a slashed interim dividend.

And he said indications were that the adverse conditions were continuing into the second half.

The outcome, for the six months to October 31, compared with pre-tax profits of £225,000 in the same period of 1988, and came on turnover static at £2.8m.

Mr Prais blamed the "chill wind blowing through the economy" for the slowdown in sales growth. The market for the group's original product – handbag frames – continued to contract and the rate of increase in sales of the Elite range "was neither as fast as we had anticipated nor sufficient to increase total sales."

Earnings per 10p share slumped to 0.036p, against 1.15p last time and the interim dividend is cut to 0.181p (0.585p).

YRM ahead to £1.4m and broadens base

In spite of more difficult trading conditions, YRM, the building design consultancy, achieved an 18 per cent increase, from £1.17m to £1.39m, in taxable profits for the six months to October 31.

Mr Brian Henderson, chairman, said that continuing high interest rates and general economic uncertainty caused some hesitation in the commencement and progress of building programmes, particularly in the south-east.

As a result, the company has broadened the base of its activities and has opened offices outside London. Mr Henderson said that the high increase in turnover – from £8.05m to £13.65m – indicated that the strategy was being successful.

An interim dividend of 1.65p (1.25p) is declared from earnings per share of 8.61p (6.06p).

COMMODITIES AND AGRICULTURE

EC faced with north-south divide on farm prices

By Tim Dickson in Brussels

"THERE'S A clear polarisation between northern countries and the southern member states," is how one seasoned European Community diplomat put it in Brussels last night.

He was commenting on recent technical discussions about the 1990-91 farm price proposals designed to prepare the way for crucial ministerial negotiations on the package that are due to take place in Brussels at the start of next week.

These talks will certainly not be decisive but they will provide the first clear indication whether Mr Michael O'Kennedy, the Irish Farm Minister, who is in the Council "chair" for the first six half of this year, has been justified in believing that he can dispose of the always sensitive prices dossier by the end of March.

Currently recovering from a heart by-pass operation in Dublin Mr O'Kennedy will be relying at this stage on his colleague Mr Joe Walsh to identify the main areas of contention, which most national experts now seem to agree reflect mainly Mediterranean concerns.

Although the package laid on the table just before Christmas by the EC Agriculture Commissioner Mr Raymond MacSharry has been broadly characterised as a price freeze, that is not how farmers in Spain, Italy, Portugal and Greece view the proposals. For while it is true that no changes are intended by the Commission for commodities like sugar, butter, oilseeds and beef, cuts of up to 7.5 per cent are indeed on the agenda for citrus.

Among other specific Mediterranean difficulties the Greeks are upset by plans to fix new thresholds for raisins and sultanas, while Spain is at odds with its EC partners over the Commission's proposal to move next year from a quota system to a guaranteed threshold system for canned tomatoes. Spain believes it has been given a small quota and wants to make the switch sooner – but the other countries would like to leave things as they are.

The outcome of these sectoral battles will be a test of the Commission's resolve to tighten up the regimes concerned with southern products, seen by many as having been let off relatively lightly when the famous "budget stabiliser" measures were agreed in February 1988. As one northern-country negotiator put it last night, "the guaranteed prices are just too high, so much so that 90 per cent of certain types of oranges were bought in last year, and 80 per cent of the mandarins produced."

While much of the late night bargaining will be over these issues, there will be other problems as well.

There is much muttering from farm organisations about the harsh impact of the cereals stabiliser – an automatic 3 per cent cut for the second successive year – and while there will be no attempt to unravel this measure as such Ministers are bound to be under pressure to find ways of salving the pain.

The automatic price cuts in other sectors are re-instated the following year if production falls back – but in the cereals sector the medicine is cumulative.

On the cereals front complaints are likely from Mr Ignaz Kiechle, the West German Minister, that the effect of last month's minor realignment of the European Monetary System – and the consequent agri-monetary changes – imply a bigger effective price cut of around 4 per cent for his farmers.

The Germans and others have also questioned the Commission's overall approach to give special help to smaller producers. Bonn argues that this may be inconsistent when the EC is trying to reduce production, that expectations are being raised which will not be fulfilled, and that the quantities of say cereals grown by these farmers will help trigger production thresholds and lead to further price discipline.

According to the Presidency next week's meeting will only consider cereals and rice, sugar, oilseeds and olive oil, milk and milk products, fruit and vegetables, beef and veal and agri-monetary matters.

'Mad cow' fears hit bull semen exports

By Tim Dickson

VALUABLE BRITISH exports of animal semen and embryos have been lost in recent months as a result of importers' fears of the scourge known as "mad cow" disease. Millions of pounds in lost sales are thought to be at stake.

Several important customer countries – notably Australia, New Zealand, the US, and Sweden – have slapped precautionary embargoes on British products even though there is no scientific evidence that they are needed.

Last month's European Community ban on British exports of live cattle over the age of six months – designed to prevent the spread of the mysterious bovine spongiform encephalopathy (BSE) to the continent – was a direct blow to the UK's valuable breeding trade.

There was never any question of including semen and embryos in these restrictions but according to UK producers and an official of Britain's Ministry of Agriculture, Fisheries and Food, several non-EC countries had already moved to forestall the risk. "There is not a shred of evidence that BSE or any of the other spongiforms is transmitted through embryos or semen," one UK veterinary expert said yesterday." "But if the boot was on the other foot – and in view of the fact that the disease is relatively unknown – the UK would probably take the same precautions."

A British Ministry official said last night that there were no official figures on the size of British exports in this area – but a representative of the Milk Marketing Board, a leading producer, estimated that overseas semen sales were worth around £3m to £4m a year, with the embryo trade smaller in terms of value.

According to the Ministry the Australian embargo on embryos has been in operation since December 1988, the Swedes took action in October 1988, the New Zealanders stopped imports from May last year, and the US suspended trade last July. An official said that negotiations over the issue were currently taking place with Washington.

Chile's overheated salmon industry

Falling profits have put a brake on growth, reports Lesley Crawford

SALMON, THE king of fish, risks being dethroned by intensive farming methods that are flooding supermarkets and fishmongers with what was once a luxury food. Last summer, wholesalers in Paris and London for the first time sold salmon cheaper than cod. Since then the salmon bounty has continued to depress prices, causing several salmon farming companies in British Columbia to fold and prompting government intervention in Norway – the world's biggest producer.

In Chile, lower profit margins have put a brake on the frenzied expansion of an industry that is not yet 10 years old. But the Association of Chilean Salmon Farmers says it is too early to talk of a crisis. Chile exported 12,000 tonnes of salmon and salmon trout in 1989, double the amount of the previous year, and the Association estimates that the country could be exporting 22,000 tonnes by 1992.

This is still small fry compared with Norway's production of 120,000 tonnes last year, but the Chileans have reason to be happy with their budding industry.

More than 100 salmon farming companies have established themselves in the south of Chile in the past five years, transforming the sleepy port of Puerto Montt into a boom town in the process. They were attracted by the crystalline rivers that spring from the Andes, the numerous fresh water lakes in which to grow the young smolts and the unpolluted and relatively warm waters of the south Pacific, where the salmon matures. Chile is also a major producer of cheap, high-quality fishmeal with which the salmon are fed six times a day.

Mr Ralph Baillie came to Puerto Montt three years ago to set up Marine Harvest International's first salmon farm in Chile. "The results far exceeded our expectations," he says. "We began with eggs imported from Scotland in January 1987 and last year we produced 1,400 tonnes of Atlantic Salmon." About 70 per cent was exported fresh to the US and the remainder frozen to Japan.

The experiment was so successful that Mr Baillie, Marine Harvest's technical operation's manager, expects to harvest 3,800 tonnes this year. The Scottish company, a subsidiary of Unilever, has invested £11.6m in its Chilean operation so far, but this investment could double if plans go ahead to produce 7,000 tonnes in 1994.

Apart from Marine Harvest, which is the biggest foreign operator in Chile, Japanese, Norwegian, Dutch and Arab companies have either started their own farms or bought into Chilean companies. The Association of Chilean Salmon Farmers estimates their total investments at some $70m.

There are, of course, problems with an activity which has developed so quickly. The multiplication of salmon cages in Chile's Lake District has drawn strong protests from the local tourist industry, which fears the eye-sore will affect their livelihood. Ecologists also fear that the intensive farming methods may pollute the lakes with nitrates and fish debris.

But although the protests have prompted the Fishing Ministry to tighten its regulations and issue fewer permits the salmon farmers argue that it is in their best interests to keep the lakes clean.

"If the lakes became polluted, our salmon would be the first fish to die because they can only survive in clean water with a very high oxygen content," said Mr Jonathan Grubb, a sea farms adviser from Scotland's Fish Farm Development Group who has been on loan to the Chilean company Aguas Claras for the past two years.

Mr Grubb fears that the biggest problem in such a fast growing industry may be the lack of trained personnel. "Problems which could be controllable in Scotland will snowball here," he predicted. So far, salmon farming in Chile has been mercifully free of disease, but this is partly due to the small scale of the farms, which are not yet producing at full capacity.

For small salmon farmers working on tight margins, the outbreak of disease or algae bloom can be catastrophic.

"Marine Harvest lost 25 per cent of its stock when the algae bloom appeared in September 1988, but I know of many farmers whose entire stock was wiped out," says Mr Baillie. The algae appear when the nitrogen content of the sea is high, clogging the gills of the fish and suffocating them. Since the 1988 bloom, the sea water around salmon cages is monitored twice daily for algae. If there is a scare, the cages are dropped 10 metres below the surface, where the fish are safe.

Sea wolves – huge seals which can weigh up to 400 kg – have also been attracted to this captive source of food. To deter them the salmon farms have developed an underwater ultrasonic seal scarer which imitates the sound of the killer whale.

But salmon farmers have mainly fallen prey to the vagaries of the price of their precious commodity. Two years ago, a kilogram of salmon was fetching $7 to $8 in the US and Japan. Now it is being sold at between $5 and $5.50.

"With this price, many of our members are breaking even, while the Norwegians are selling at a loss. But our production costs are not that much lower when you consider our very high transport costs," says Mr Fernando Klimpel, the Association's marketing manager. For Mr Klimpel, the solution lies in marketing Chilean salmon more aggressively abroad – he has an advertising budget of $400,000 this year – and maintaining high standards. Japan consumes 300,000 tonnes of salmon a year, Europe 100,000 tonnes and the US 50,000. In Europe, Mr Klimpel says, demand has been growing at 10 per cent a year.

But if Norway goes ahead with its plans to produce 150,000 tonnes of salmon this year, Mr Klimpel believes some of the smaller producers in Chile will be squeezed out and other companies will merge.

Yet others have begun looking at alternatives to the king of fish. In Chiloe, a huge and rainy island south of Puerto Montt, oyster farms began exporting to the US last year, following the approval of the US Food and Drug Administration. One Chilean company, Apiao, has exported 2m oysters since last June. At $1.4 an oyster, this is wonderful business for the Chileans. Seaweed farming has also boomed since a Japanese company built an agar factory near Puerto Montt.

Scotland's salmon farmers, frequently under attack from environmental groups for killing seals, herons and other predators, have agreed a code of practice with several nature conservation organisations for dealing with them, writes James Buxton.

Salmon farms can suffer damage of £100,000 in a night if a seal breaks into the floating cages and kills fish. But the shooting of seals and birds of prey by salmon farmers, often publicised by conservation groups, has damaged the industry's public image and may lessen the appeal of farmed salmon to some consumers.

The code of practice, drawn up by the Scottish Salmon Growers' Association in association with the Nature Conservancy Council, the Royal Society for the Protection of Birds, the World Wide Fund for Nature and other bodies, says that only after all reasonable attempts have been made to keep out seals should a particular animal be shot. Nets should be installed to keep out birds of prey. Farms should not be sited near concentrations of predators.

Malaysia cuts export taxes

By Lim Siong Hoon in Kuala Lumpur

FACED WITH stagnant earnings from its major commodities – rubber, palm oil, cocoa and tin – Malaysia's Government has introduced a set of measures to revive exports and deal with weak prices.

Last year's exports of the four commodities combined earned was 12bn ringgit (£2.6bn), according to figures from the Primary Industries Ministry. That was unchanged from the 1988 figure, which was 21 per cent up from the previous year.

The export tax rates are to be reduced this month from 0.1 per cent 0.06 per cent for rubber and from 8.4 per cent to 6.7 per cent for the more profitable palm oil.

The Ministry expects palm oil output this year to remain at 1989's level of 6.05m tonnes.

Mr Lim Keng Yaik, the Minister, said earlier this week that he would travel to Africa next month or in April to seek support for a palm oil producers' association. The topic has already been discussed with the Indonesians.

There will be other items on the agenda. Malaysia wants more curbs on tin exports, saying that the 5 per cent cut agreed in Kuala Lumpur last month among the seven members of the Association of Tin Producing Countries is inadequate.

Mr Lim says that he is determined to bring the world's tin stock of 36,000 tonnes down to 20,000 tonnes within a year – something the ATPC wanted to achieve under the third year of its export quota programme, which expires at the end of this month.

Malaysia's decision to seek a lower export limit than the 84,233 tonnes agreed for the fourth year of the programme (March to December 1990), was motivated by the persistent decline in tin prices, which fell to less than R17 a kilogram in the Kuala Lumpur Tin Market this week, a level Mr Lim describes as "ridiculously low." He would like to see a price of between R20 and R22 a kilogram.

While tin prices have continued to slip, rubber prices have recently staged a rally, thanks partly to some buffer stock buying support by the International Natural Rubber Organisation (Inro) in Kuala Lumpur. Hence, this week, the five-day moving average of Inro's daily indicator price rose slightly above the buffer stock manager's 185 Malaysia/Singapore cents a kilogram "may buy" level.

Inro's intervention late last week coincided with a three-day strike by 60,000 plantation workers, mostly rubber tappers, demanding for a guaranteed monthly wage instead of daily payments linked to rubber prices and tonnage produced.

Plantation owners are resisting, partly by pointing to the prospects of higher cost during a dismal market. But the export tax cut, following the recent price rise, could be an election year signal to the plantation owners that they ought to accept the demands of the workers.

Ugandan coffee

UGANDA, seeking to liberalise coffee exports, has announced that it will allow four co-operative unions to start exporting directly to international markets alongside the state-owned Coffee Marketing Board, reports Reuter from Kampala.

The CMB previously had the monopoly on exporting coffee, which provides 95 per cent of Uganda's export earnings.

LME considers second stocks report

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange is considering reporting its stock figures twice a week instead of once in the hope of reducing price volatility.

A proposal for a six-month trial of twice-weekly reporting, either on Mondays and Thursdays or Tuesdays and Fridays and beginning in April, will be considered by the LME board at its regular meeting next Wednesday.

Currently the LME reports movements in and out of its registered warehouses on Mondays or the first working day each week.

The proposed change met with a lukewarm reception by analysts who agreed, however, that the more information available the better markets operated.

Mr Angus MacMillan, analyst with the Billiton-Enthoven Metals trading group, suggested the LME was overestimating the impact stock figures had on trading. "Stock figures have to be much higher or lower than the market anticipates for them to have any real effect."

Mr John Harris, analyst with Rudolf Wolff, the commodity broker, said: "The vast majority of people do not speculate or take positions on the stocks. Once-a-week reporting is quite adequate."

It would make more sense, said Mr Harris, for the LME to report stocks daily. But this had recently been ruled out by the chief executive, Mr David King, because, among other reasons, the LME was trading in six metals and had warehouses scattered around the world in various time zones. This made it difficult to decide where the cut-off point should be.

Shelling out for snail research

By Richard Mooney

A TRUST fund has been set up to finance research for the British snail industry.

Trustees of the British Snail Industry Research Fund are Dr Norman Runham, head of the animal biology group at the University of North Wales, Bangor, and Mr. Roy Groves, founder and director of The Snail Centre, Colwyn Bay.

Donations should be sent to the Royal Bank of Scotland, Colwyn Bay Branch, 44 Conway Road, Colwyn Bay, Clwyd LL28 7HT.

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC prices on the LME yesterday continued Wednesday's advance, moving rapidly ahead once three-month special high grade broke through the $1,350-a-tonne level in the morning. Buying from European merchants and commission houses triggered buy stops, and traders believe the market is on course to hit the near-term target of $1,430 a tonne. On the bullion market gold closed nearly $6 an ounce down following Wednesday's failure to crack the $425-an-ounce barrier. Coffee prices were boosted by reports of dry, hot weather in Brazil and Colombia. Cocoa prices recovered after morning losses took the May contract down to a new low of £613 a tonne after belated hedging against small West African purchases. Traders said support around £600 a tonne could soon be tested on nearby March cocoa.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.60-6.75z	-.025
Brent Blend	$19.70-9.75z	+.025
W.T.I. (1 pm est)	$22.32-2.34z	+0.06

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$225-227	
Gas Oil	[illegible]	+4½
Heavy Fuel Oil	$90-92	+2
Naphtha	$195-196	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$417.00	-5.75
Silver (per troy oz)♣	532c	-7
Platinum (per troy oz)	$507.50	-2.65
Palladium (per troy oz)	$135.65	-0.15
Aluminium (free market)	[illegible]	+5
Copper (US Producer)	102⅝-104c	
Lead (US Producer)	40.5c	
Nickel (free market)	290c	+5
Tin (Kuala Lumpur market)	16.68r	+0.05
Tin (New York)	[illegible]	[illegible]
Zinc (US Prime Western)	[illegible]	
Cattle (live weight)†	109.31p	-2.93*
Sheep (dead weight)†	198.09p	-7.20*
Pigs (live weight)†	80.32p	+0.27*
London daily sugar (raw)	$361.4z	+6.0
London daily sugar (white)	$436.4z	+1.4
Tate and Lyle export price	£328.5	+5.5
Barley (English feed)	£113.75	
Maize (US No. 3 yellow)	£129	+1
Wheat (US Dark Northern)	£129	-2
Rubber (spot)♥	Unq	
Rubber (Mar)♥	55.75p	
Rubber (Apr)♥	56.75p	
Rubber (KL RSS No 1 Mar)	231m	
Coconut oil (Philippines)§	$400z	
Palm Oil (Malaysian)§	$277.5z	
Copra (Philippines)§	$270	
Soyabeans (US)	£160	+2
Cotton "A" index	78.60c	+2.90
Wooltops (64s Super)	558p	-10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	614	612	613	603
May	622	623	626	613
Jul	634	630	634	624
Sep	650	648	650	641
Dec	674	673	675	665
Mar	697	[illegible]	695	690
May	714	706	707	701

Turnover: 4947 (10428) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 7 738.84 (751.03) 10 day average for Feb 8 756.45 (758.44)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	575	563	574	560
May	584	562	584	566
Jul	601	576	600	584
Sep	613	594	615	600
Nov	626	611	627	616
Jan	642	626	644	631
Mar	659	647	[illegible]	

Turnover: 3414 (2902) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 7: Comp. daily 62.74 (61.65). 15 day average 62.33 (62.23)

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	327.20	330.00	329.80	327.00
May	327.60	329.40	329.80	327.00
Aug	325.60	328.20	328.00	325.80
Oct	315.80	318.00	318.00	315.40
Dec	314.00	313.00		
Mar	292.80	294.40	295.00	293.00
May	291.80	293.00		
White	Close	Previous	High/Low	
Mar	434.8	434.9	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	
Aug	[illegible]	[illegible]	[illegible]	
Oct	[illegible]	[illegible]		
Dec	[illegible]	[illegible]		
Mar	[illegible]	[illegible]	[illegible]	
May	[illegible]	[illegible]	[illegible]	

Turnover: Raw 4277 (5302) lots of 50 tonnes. White 1375 (2466)
Paris- White (FFr per tonne): Mar 2457, May 2450, Aug 2478, Oct 2289, Dec 2165, Mar 2143.

CRUDE OIL – IPE $/barrel: [illegible]

GAS OIL – IPE $/tonne: [illegible]

Turnover 9910 (10386) lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 8,035 tonne
Cash	1426-7	1415-8	1419	1418-9		
3 months	1440-1	1432-3	1443/1433	1433-4	1442-3	34,270 lots
Copper, Grade A (£ per tonne)						Ring turnover 40,700 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lead (£ per tonne)						Ring turnover 5,575 tonne
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nickel ($ per tonne)						Ring turnover 594 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tin ($ per tonne)						Ring turnover 510 tonne
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc, Special High Grade ($ per tonne)						Ring turnover [illegible] tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc ($ per tonne)						Ring turnover [illegible] tonne
Cash	[illegible]	[illegible]				
March 30	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

LME Closing £/$ rate: SPOT: 1.6870 3 months: [illegible] 6 months: [illegible] 9 months: 1.6086

POTATOES – BFE £/tonne: [illegible]

LONDON BULLION MARKET: [illegible]

SOYABEAN MEAL – BFE £/tonne: [illegible]

FREIGHT FUTURES – BFE $10/index point: [illegible]

TRADED OPTIONS: [illegible]

GRAINS – BFE £/tonne: [illegible]

Turnover: Wheat 371 (678), Barley 46 (18). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg: [illegible]

Turnover 15 (15) lots of 3,250 kg

FRUIT & VEGETABLES

Rhubarb is now in full season and is a superb buy at 60-70p a lb (65-80p), reports FFVIB. Grapefruit are excellent value at 10-25p each, as are kiwifruit at 10-25p (10-25p). Dessert apples are abundant with English, Dutch and German Cox's at 30-55p a lb depending on origin. Cabbage is also excellent value with English Hispi, Primo, Celtic and Savoy varieties at 10-20p a lb (15-30p). Carrots are a best buy at 10-28p a lb (10-28p), while parsnips remain stable at 25-40p a lb (25-40p). The storms have affected Round lettuce prices, 45-75p each (35-65p), but imported Iceberg at 60-80p each, (60-80p), remain good value.

US MARKETS

THE PRECIOUS METALS markets closed firm in quiet trading which featured short-covering in consolidating action ahead of Friday's US P.P.I. release, reports Drexel Burnham Lambert. Copper weakened slightly as the market continued to be confined to a narrow range. The energy product futures held above major support areas in a reaction to recent weakness on the back of Tuesday's A.P.I. report. Crude oil was held firm by the strength in the products. Coffee futures rallied on trade price-fix and mixed buying amidst concerns over the quality of the Colombian crop. The advance was heldin check by origin selling. Origin selling in cocoa was well-absorbed by manufacturer buying as prices finished the day higher. Sugar eased as liquidation in the spot march position weakened prices. The grains and soybean complex closed mixed in lacklustre trading, while the meats were similarly mixed and quiet.

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Feb	418.6	[illegible]	419.2	[illegible]
Mar	420.4	420.0	0	0
Apr	[illegible]	[illegible]	[illegible]	421.2
Jun	425.0	[illegible]	[illegible]	427.0

PLATINUM 50 troy oz; $/troy oz.: [illegible]

SILVER 5,000 troy oz; cents/troy oz.: [illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs: [illegible]

COTTON 50,000; cents/lbs: [illegible]

ORANGE JUICE 15,000 lbs; cents/lbs: [illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	100.45	100.75	100.45	100.45
Mar	99.75	100.05	101.20	[illegible]
Apr	98.85	99.00	98.85	98.85
May	98.40	98.55	99.50	98.00
Jun	97.70	97.90	0	0
Jul	97.20	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	0	0
Sep	96.10	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel: [illegible]

HEATING OIL 42,000 US galls, cents/US galls: [illegible]

COCOA 10 tonnes;$/tonnes: [illegible]

COFFEE "C" 37,500lbs; cents/lbs: [illegible]

INDICES: REUTERS (Base: September 18 1931 = 100); DOW JONES (Base: Dec. 31 1974 = 100): [illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	584/6	587/6	[illegible]	584/2
May	576/2	579/0	[illegible]	575/6

SOYABEAN OIL 60,000 lbs; cents/lb: [illegible]

SOYABEAN MEAL 100 tons; $/ton: [illegible]

MAIZE 5,000 bu min; cents/56lb bushel: [illegible]

WHEAT 5,000 bu min; cents/60lb-bushel: [illegible]

LIVE CATTLE 40,000 lbs; cents/lbs: [illegible]

LIVE HOGS 30,000 lb; cents/lbs: [illegible]

PORK BELLIES 40,000 lbs; cents/lb: [illegible]

هكذا من الأصل

LONDON STOCK EXCHANGE

Shares rebound on retail demand

THE LONDON equity market responded readily yesterday to the strong rebound on Wall Street which greeted the relatively favourable outcome to the first two of this week's US Treasury auctions, and UK stocks closed firmly ahead of news from the third and final auction. Sharp rises among the US-influenced stocks restored the Footsie Index to the 2,330 trading range, and trading volumes increased as Edinburgh and London-based institutions added to their equity portfolios.

US demand for the leading oil stocks, stimulated by Shearson Lehman Hutton, the New York investment house, gave a final flourish to the international sector. Good trading figures from British Telecom also provided a boost to the recovery of confidence in equities.

Account Dealing Dates		
*First Dealings:		
Jan 29	Feb 12	Feb 26
Option Declarations:		
Feb 8	Feb 22	Mar 8
Last Dealings:		
Feb 9	Feb 23	Mar 9
Account Day:		
Feb 19	Mar 5	Mar 19

*New time dealings may take place from 8.00 am two business days earlier

After opening very firmly on the back of Wall Street's overnight rebound, London extended its gain to nearly 34 Footsie points after the New York market entered the new session with a further gain of 12.84 in early trading.

The FT-SE Index closed 23.6 points up at 2,331.0, with traders unimpressed by a re-run of hints that a leading life assurance group was about to launch a large rights issue. On the LIFFE market, the premium on the FT-SE futures contract doubled yesterday to 23 points.

Seaq trading volume increased to 456.3m shares from Wednesday's 368.1m, and the figure included a higher proportion of genuine retail business than usual, according to dealers at several influential trading houses. Significant buying was reported of Reuters, Hanson, Bass and RPB.

Insurance shares managed to steady despite the concern over likely claims in the UK against damage caused by this week's return of severe winter storms. Among a scattering of special features, Cable & Wireless strengthened on growing expectation that CITIC, the Chinese Government agency, is about to buy the group's stake in Hong Kong Telephone.

While there was still some nervousness ahead of the auction of 30 year US bonds, the UK market appeared to be moving towards tonight's close of the current equity trading account in better form. Once again, the FT-SE 2,300 - 2,330 range appears to have proved itself a buying area for the institutions, and share prices have responded vigorously.

However, the better sentiment in UK and US bond markets was counterbalanced by the continued slide in German bonds which has revived fears that the Bundesbank could move lending rates higher.

The recent rise in bond yields globally has been reflected in a widening in the equity bond yield ratio in the London market (see chart). This ratio narrowed slightly yesterday as the gap of more than 6 per cent drew buyers in to equities.

Queens Moat moves

The battle for control of Norfolk Capital, the hotels group, hotted up considerably as Queens Moat unexpectedly announced that its share exchange offer for Norfolk was "final". It spiced the bid by forecasting that profits for 1989 will be not less than £62m, up 47 per cent on the previous year. Earnings per share and the dividend will be up 25 per cent apiece, the company said.

The market's response to the news was to mark Queens Moat share higher and to clip the price of Norfolk. At the close Norfolk Capital were marginally easier at 42½p and Queens Moat were 4½ up at 106½p. Turnover in Norfolk reached 13m and that of Queens Moat 4.7m shares.

But specialists were quick to add that the bid was still at a relatively early stage – Norfolk has not yet issued a defence document – and emphasised that Queens Moat reserved the right to respond to any offer from a third party.

Mr Roy Owens, of the Kitcat & Aitken leisure team, said "the Queens Moat bid, worth 43p a share, is a very fair offer and in the absence of any counter bid we believe Queens Moat will win." The Kitcat analyst said that the bid, if successful would prove to be non-dilutive "even in the first year."

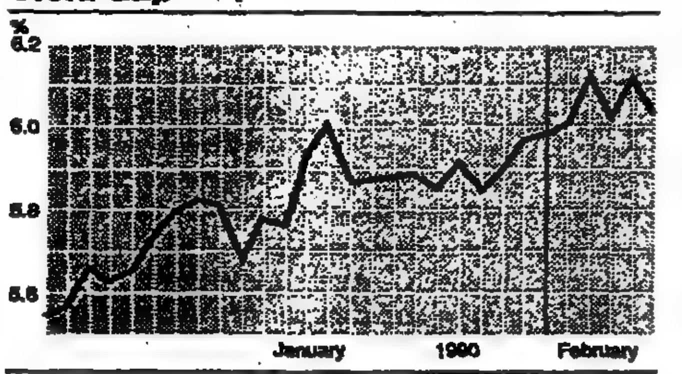
Oils busy

The heaviest activity in the oil sector involved BP, which survived a rough ride early in the session triggered by news of an oil spill from one of its tankers, and rallied later in the session after a strong buy recommendation from Shearson Lehman Hutton, the US securities house.

The tanker, American Trader, leaked what was described as at least 290,000 gallons of crude oil just off the Huntingdon Beach resort of California, and unsettled BP shares with dealers mindful of the adverse impact of the Exxon Valdez oil spill last year on Exxon stock.

Down to 337p early in the session as the US news emerged BP then began to pick up on the back of some sustained buying interest. Much of this was generated by a positive note on crude oil price and the oil sector, issued by Shearson. The Shearson oil team forecast that oil prices will rise significantly to reach $30 a barrel, in 1993-5, reflecting the falling USSR oil exports. Of the UK oil companies Shearson says the major beneficiaries will be BP, LASMO, Premier and Ultramar.

Yield Gap



BP, after turnover of 10m, rallied to close 2 higher on balance at 343p, while LASMO settled 6 higher at 620p, Premier 2 up at 113p and Ultramar 4½ firmer at 372½p.

Talk of a 600m barrel oil discovery off the coast of Australia was behind a 10 advance by Shell, 485p.

Telecom pleases

British Telecom's (BT) third quarter figures, showing pretax profits of £695m, up 11.6 per cent on the comparable figure last year, were generally considered to be at the top end of expectations and were described by dealers as excellent. Profits for the nine months topped the £2bn mark, totalling £2.01bn against £1.86bn last time.

BT shares were a strong performer throughout the session, touching 306p before ending the day a net 7 higher at 305p. Dealers and analysts were pleased by BT's cost-control performance and said the shares retained their strong defensive qualities.

Bass performed well in view of the market's awareness that the completion of the Holiday Inns purchase had left around 8m shares in the hands of potential US sellers on the first day of trading in American Depositary Receipts (ADRs) in US markets. US sellers failed to materialise and the shares ended 7 better at 1000p.

Composite insurers bounced after the weakness caused on Wednesday by the storms that swept across the UK. "The selling simply dried up," said one dealer. Guardian Royal featured with a 7 gain at 243p. Life assurances were unsettled during the afternoon by revived talk that Prudential may be about to launch a substantial rights issue. The story hit Prudential shares, which fell to 213p before closing a net 3 off at 215p on turnover of 3m.

Ladbroke, the hotels, betting shops and leisure group were one of only a handful of FT-SE stocks to lose ground on the day, slipping 6 to 306p, after being as low as 304p at one point; turnover was 3.8m shares, with one leading UK broker believed to be a seller of nearly 1m.

The weakness, according to dealers stemmed from the resignation of Mr John Jarvis, head of the group's hotels division and widely regarded as the most likely successor to Mr Cyril Stein, Ladbroke's chairman and Managing Director, to set up his own business. Mr Jarvis is being replaced by Mr Michael Hirst, Mr Jarvis' number two.

Dealers also noted market stories that a profits downgrading was in pipeline, although this could not be confirmed.

Busy turnover in the traded options market boosted interest in Sears. A total of 4,763 options changed hands, equivalent to 4.7m shares, making Sears the most active stock option. On the stockmarket, Sears shares dipped a penny to 103p with 1.6m traded.

Boots was boosted by news of its of disposal of Childs Corporation of the US, a subsidiary of Ward White, for a higher-than-expected $60m. "The market is starting to realise how strong Boots' cash flow is after having acquired Ward White. Its gearing will be zero next year," an analyst said. Boots gained 5 to 274p.

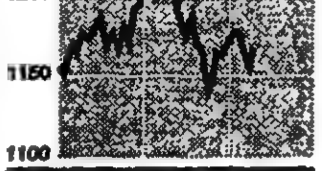
Burton remained on the defensive after recent brokers reports which highlighted its exposure to retail property development. Mr Tony Shiret at Laing & Cruickshank, who last week drew attention to this, said: "People remain concerned about Burton's involvement in retail property development. The events in the property market this week have highlighted those fears." Burton finished a penny lower at 186p. On the unlisted market, Sock Shop gained 6 to 56p ahead of today's interim results.

Albert Fisher rose 2 to 124p. After the market closed news emerged that Corporate Partners, the US investment group, had taken a 6.49 per cent stake in the company.

The food manufacturing sector was firmer in low-volume trading. Prices were helped by a report from Kitcat & Aitken which said that despite slower economic growth, the outlook for food manufacturers remained reasonable. In addition, bid speculation over the summer should give the market a boost during the second quarter. Those Kitcat favoured included Cadbury Schweppes, which rose 3 to 342p.

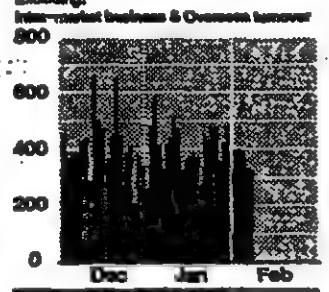
Reuters continued to advance with Henderson Crosthwaite again a persistent buyer of the stock. Mr Brian Newman of Hendersons said the approach of Reuters annual results next week and buying from the US and UK had pushed it higher. Reuters ended 24 higher at 1055p on a turnover of 3.1m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



An upgrade earlier in the week by Warburg Securities was still helping WPP. Warburg expects 1989 profits of £75m against a previous forecast of £70m, and this year it sees profits of £112m versus £107m. WPP closed 22 up at [illegible]p.

Shares in Nu-Swift jumped 25 to 498p on the news that the company is to sell its 88.3 per cent holding in Sicli, the French fire protection and detection group.

Yale & Valor eased against the trend as SG Warburg downgraded profits expectations, the shares giving up 12 to 288p. Warburg shaved its estimate for Yale's profits for the year to March 1990 from £60m to £56m. Warburg said the mild winter was likely to impact on sales of gas fires and electric blankets, and that there would be higher than expected interest costs from last summer's purchase of a stake in Myson, later bought by Blue Circle.

Vickers was the main feature among engineering stocks. The shares improved at the begining of the session but thereafter slipped back on press reports that the Ministry of Defence was likely to put in a reduced order for the Challenger 2 tank currently being developed by Vickers.

But analysts discounted this story and the shares recovered some of their earlier losses to end only 3 down at 205p.

The recent news of a downturn in the US and UK motor manufacturing sector continued to weaken GKN and Lucas. GKN closed a penny down at 403p while Lucas, which is also affected by fears of a strike by engineering unions in support of a shorter working week, lost 5 to 605p.

BOC added 17 to 543p as the market appreciated the 6.5 per cent increase in last quarter profits.

It was a relatively quiet day among the leading international stocks with the slight softening in sterling being the only cause for movement. Glaxo added 12 to 706p, while SmithKline Beecham bounced 7 to 544p from the previous day's falls that had followed reports that the sale of the company's cosmetics division was taking longer than forecast. Analysts said the market had overreacted to the reports. Wellcome only went a penny forward 697p but ICI ended the day 14 better at 1091p.

Hanson added 3¾ to 230¾ as County Natwest issued a buy note on the stock. Mr Andrew Page at County NatWest said Hanson had "a large cash pile to enable them to make acquisitions and news of disposals, when and if, it comes is likely to be well received, in view of the strengthening gold price which will enable Hanson to realise a good price for its gold interests."

Cable & Wireless climbed 15 more to 558p, after 560p, as dealers awaited confirmation of news of the sale of Hongkong Telecom shares to CITIC, the Chinese Government's investment arm. The stock was also helped by the sharp rise by the Hong Kong stockmarket.

"New-time" buying was said to have been behind the strong gains in Amstrad, up 3 to 54p ahead of the interim figures expected on February 15, and STC, which put on 9 to 262p.

The software stocks were bid up on takeover speculation and talk of brokers buy notes. Logica rose 3 to 341p, and Macro 4 10 to 293p. Sema added 11 to 402p after news that a World Software Group has sold its 4.5m share-stake to Schneider, whose holding has increased to 7.68 per cent. Schneider described its stake as "a long-term investment."

Passing of the final dividend on the ordinary shares and deferral of the payment on the preference stock coupled with the forecast of a full-year loss exerted further pressure on LIT Holdings. The shares, which have had a rough ride over the past year, attempted a rally but the movement soon petered out and the shares tumbled to close 8 down at an all-time low of 25p.

Speculation continued about the property potential of Early's of Witney following the increased stake taken by Grovewood Securities. By the close Early's shares were up 27 more at 235p. Poor interim figures dealt a blow to Elbief, down 13 at 33p.

■ *Other Market statistics*, including the FT-Actuaries share index, London Traded Options, and recent issues (including the water issue stocks) Page 38

FINANCIAL TIMES STOCK INDICES

	Feb 8	Feb 7	Feb 6	Feb 5	Feb 2	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	81.25	80.80	81.23	81.02	81.51	85.25	89.29 (8/2/89)	80.80 (7/2/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.45	91.25	90.97	90.93	91.03	97.28	99.59 (15/3/89)	90.85 (26/1/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1845.3	1828.2	1835.8	1881.0	1898.4	1702.9	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	372.5	375.1	378.5	370.4	362.0	188.9	378.5 (6/2/90)	164.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2331.0	2307.4	2321.1	2348.4	2355.1	2079.1	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.66	4.71	4.68	4.63	4.61	4.28				
Earning Yld % (full)	11.26	11.37	11.32	11.17	11.13	10.72				
P/E Ratio(Net)(*)	10.75	10.64	10.69	10.83	10.87	11.32				
SEAQ Bargains(5pm)	25,036	23,375	25,845	29,088	26,363	40,492				
Equity Turnover(£m)†	-	788.77	682.60	749.93	855.75	1500.88				
Equity Bargains†	-	23,739	26,342	29,406	28,883	47,462				
Shares Traded (ml)†	-	328.0	330.0	395.7	389.4	668.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.78

Ordinary Share Index, Hourly changes — Day's High 1845.4 — Day's Low 1837.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1838.7	1840.0	1841.3	1841.5	1841.4	1841.4	1842.8	1843.7

FT-SE, Hourly changes — Day's High 2331.2 — Day's Low 2321.0

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2321.2	2323.6	2324.4	2324.8	2324.1	2325.7	2330.9	2328.6

GILT EDGED ACTIVITY

Indices*	Feb 7	Feb 6
Gilt Edged Bargains	98.0	87.2
5 – Day average	83.1	83.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
ADT	[illegible]	194	+1
ASDA Group	1,000	106	+1½
Abbey National	870	185	+½
Allied-Lyons	1,200	[illegible]	+1
Amstrad	3,800	54	+3
Argyll Group	1,000	211	
Ass. Brit. Foods	334	400	+2
BAA	344	[illegible]	+1
BAT Inds.	422	810	+6
BET	2,700	246	+4
BICC	165	480	+3
[illegible]	[illegible]	[illegible]	[illegible]
British Airways	1,300	198	+1
British Gas	2,300	229	+2
British Land	65	380	+4
BP	10,000	343	+2
British Steel	4,800	135½	+1
British Telecom	11,000	305	+7
Bunzl	1,000	167	
Burmah Oil	38	655	+6
Burton	2,100	186	−1
Cable & Wire	3,600	558	+15
Cadburys	1,250	342	+3
Calor Group	445	357	+3
Carlton Comms	400	786	+17
Coats Viyella	1,300	128	
Cons. Union	1,800	404	+2
Cookson	150	253	+3
Courtaulds	2,800	350	+7
Dalgety	150	382	+1
Dixons	853	128	+1
Eng. China Clays	512	427	−4
Enterprise Oil	782	676	+6
FKI	1,800	60	
Ferranti	4,800	30½	+½
Fisons	856	332	+3
Gen. Accident	382	1150	+11
[illegible]	[illegible]	[illegible]	[illegible]
Hanson Warrants	405	97	+½
Hawker Sidd.	236	632	
Hillsdown	2,500	268	+4
ICI	1,300	1091	+14½
Inchcape	789	275	+3
Jaguar	1	840	
Kingfisher	394	277½	+2½
Ladbroke	3,800	306	−6
Land Securities	500	486	+2
Laporte	120	577	+2
Legal & General	1,400	403	−3
Lloyds Abbey	779	322	+4
Lloyds Bank	6,400	292	+2
LASMO	599	620	+6
Lonrho	1,200	[illegible]	+1
Lucas	388	605	−5
MB Group	2,800	217	+3
MEPC	22	501	+3
Marks & Spencer	3,800	207	+2
Maxwell Comm.	902	210	+2
Mecca Leisure	837	151	+½
Midland Bank	1,200	370	+3
NatWest Bank	2,300	346	+4
[illegible]	[illegible]	[illegible]	[illegible]
Rank Org.	385	789	+6
Reckitt & Colman	120	1194	+9
Redland	351	587	+2
Reed Intl.	850	420	+5
Reuters	3,100	1055	+24
Rolls Royce	2,000	179	
Rothmans	386	662	+13
Ryl Bk Scotland	1,200	228	+2
Royal Insurance	1,100	503	+3
STC	5,800	262	+9
Searchlight	834	235	
Sainsbury	1,300	254	+8
Scottish & New.	220	386	+1
Sears	1,600	103	−1
Sedgwick	248	286	+3
Shell Transport	2,000	485	+10
Siebe	430	440	+2
Slough Ests	284	308	+2
Smith (W.H.) A	534	330	+5
Smith & Nephew	779	118½	+½
SmKl Beecham	1,200	544	+7
SmKl Beecham Units	9	2300	+22
Smiths Inds.	74	250	
Standard Chartd.	1,200	386	+1
[illegible]	188	111	−1
Sun Alliance	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Trusthouse Forte	1,300	288	+2
Ultramar	1,900	372½	+4½
Unigate	97	310	+1
Unilever	1,700	683	+4
United Biscuits	771	344	+4
Utd. Newspapers	719	403	+1
Wellcome	213	697	+1
Whitbread "A"	1,500	391	−2
Williams Hldgs.	2,900	245	+6
Willis Faber	325	270	
Wimpey	118	258	+1

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (59).
AMERICANS (2) CANADIANS (1) BANKS (1) BUILDINGS (1) ELECTRICALS (3) ENGINEERING (4) FOODS (1) INDUSTRIALS (1) China Light, PROPERTY (1) TEXTILES (1) TRUSTS (8) OILS (7) OVERSEAS TRADERS (1) MINES (3).
(2) ELECTRICALS (4) HOTELS (2) INDUSTRIALS (8) Alumasc, Bear Brand, Bridport-G., Norcros, Polymark Red. Pfd. 'A', Porth Group, Stonehill, Tamaris 5½pc Cm. Pf., LEISURE (3) MOTORS (1) NEWSPAPERS (1) PAPERS (1) PROPERTY (2) SHOES (1) TRANSPORT (1) TRUSTS (3) WATER (1) MINES (4) THIRD MARKET (3).
NEW LOWS (50).
BRITISH FUNDS (15) CANADIANS (6) BANKS (3) BUILDINGS (1) CHEMICALS (1) STORES

APPOINTMENTS

Marketing director for LME

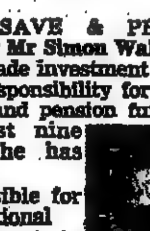
THE LONDON METAL EXCHANGE has appointed a marketing director for the first time, *writes Kenneth Gooding, Mining Correspondent.* He is Mr Martin Abbott, 29, a law graduate well-known in the metals industry since he joined the staff of Metal Bulletin in 1984 and subsequently became joint editor and business manager in 1987. He launched a new magazine, Metals Price Report and its associated service, Metal-Fax, as editor-in-chief for McGraw Hill in January last year. He will take up his LME appointment on March 5.

■ Ms Debbie Carpenter has been appointed divisional director, personnel at MOSS BROS GROUP. She joins from Burton group, where she was personnel manager, Dorothy Perkins division.

■ COUNTY NATWEST SECURITIES has appointed Mr Jim O'Donnell as an executive director and head of customer services, a new post. He was a corporate senior vice president and co-head of institutional equity trading at Drexel Burnham Lambert in New York.

■ Mr Nick Stafford has joined FORD SELLAR PROPERTIES GROUP as acquisitions director, a new post. He was with the corporate finance department of Charterhouse Bank.

■ At SAVE & PROSPER GROUP Mr Simon Walters has been made investment director with responsibility for its unit trusts and pension funds. For the last nine years he has been responsible for international investment in Jardine Fleming Investment Management for Hong Kong pension funds and institutions. He succeeds Mr Chris Tracey who has been promoted to the new post of international research director with the parent company, Robert Fleming Asset Management.



■ Mr John S. Brown has been appointed chairman of BELGRAVIA PROPERTY TRUST in succession to Mr John Stringer who has stepped down to give time to his other commitments.

■ BRITISH GAS has made Mr William J. Soderman vice president, exploration and production, BG Exploration America Inc.

■ RAINE INDUSTRIES has appointed Mr Roy Barber as a non-executive director. He was formerly finance director at AMEC.

Adviser to Kobe Steel

Sir Geoffrey Allen, head of research at Unilever, the Anglo-Dutch consumer goods company, is to become executive adviser at Tokyo-based Kobe Steel from June 1, *writes Peter Marsh.* Sir Geoffrey, a polymer chemist, is 61 and retires from Unilever in May. He is a member of the Royal Society and formerly chairman of the Science and Engineering Research Council. Sir Geoffrey will serve at Kobe Steel's London research centre. The company says it will give him director-class treatment and will seek his guidance in research and development on polymer composites.

■ OYSTON CABLE COMMUNICATIONS has appointed the following to the board. Mr Richard A. Behlmann becomes finance director and company secretary, Mr David B. Hartman is made technical director and Mr David K. Vaughan telecommunications director. All the new directors are on long-term secondment from Southwestern Bell Corporation of the US.

■ ABB FINANCIAL SERVICES is reorganising its UK activities under a new holding company, ABB Financial Services Ltd. Mr Richard Molvidson, executive vice president and chief financial officer of Sirius Insurance Co, Sweden, has been appointed its managing director. He will take up his post during the second quarter of this year.

■ Ms Diana Noronha has become a director of OCEANIC FINANCIAL SERVICES, shipping loan and equity financial specialist house. She was senior vice president.

■ Mr Nick Wilkins has been appointed a director of NICHOLSON CHAMBERLAIN COLLS GROUP and Nicholson Chamberlain Colls, Lloyd's brokers.

■ CHA, part of the Misys Group, has appointed Mr Nick Jones as its managing director. He succeeds Mr Paul Heron who has taken up other responsibilities within the group.

■ Mr Tony Ripper has been appointed commercial director of DOWTY ELECTRONIC SYSTEMS DIVISION. He was managing director of Dowty Maritime Systems, where he is succeeded by Mr Andrew Walker (*pictured*), managing director, Dowty Information Systems (Products).

■ HI-TEC SPORTS has appointed Mr Derek Watson to the board as group finance director from February 19. Mr Mario Aresti has resigned.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Exch 11pc 1990	[illegible]	[illegible]	12.53	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	3.06	[illegible]
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	8.41	[illegible]
[illegible]	[illegible]	Treas 8¼pc 1987-90	[illegible]	[illegible]	8.19	[illegible]
[illegible]	[illegible]	Treas. 8pc Cv 1990	[illegible]	[illegible]	10.29	[illegible]
[illegible]	[illegible]	Treas. 10pc Cv 1990	[illegible]	[illegible]	2.66	[illegible]
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	11.98	[illegible]
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	6.17	[illegible]
[illegible]	[illegible]	Funding 5¾pc '87-91	[illegible]	[illegible]	3.31	[illegible]
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	10.41	[illegible]
[illegible]	[illegible]	Treas 10pc Cv '91	[illegible]	[illegible]	11.40	[illegible]
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	8.72	[illegible]
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	12.77	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992	[illegible]	[illegible]	10.52	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	8.77	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992	[illegible]	[illegible]	10.94	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992	[illegible]	[illegible]	3.56	[illegible]
[illegible]	[illegible]	Treas 3pc 1992	[illegible]	[illegible]	12.36	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	13.24	[illegible]
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	9.19	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1993	[illegible]	[illegible]	10.61	[illegible]
[illegible]	[illegible]	Treas 10pc 1993	[illegible]	[illegible]	12.39	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993	[illegible]	[illegible]	7.07	[illegible]
[illegible]	[illegible]	Funding 6pc 1993	[illegible]	[illegible]	13.16	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993	[illegible]	[illegible]	9.56	[illegible]
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]	[illegible]	13.41	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994	[illegible]	[illegible]	12.89	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	10.65	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994	[illegible]	[illegible]	12.28	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	9.98	[illegible]
[illegible]	[illegible]	Treas 9pc 1994	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	War Loan 3½pc	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS – Contd

Index-Linked

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield (1)	Yield (2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1989: 115.0 and for December 1989: 118.8.

INT. BANK AND O'SEAS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div. %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS – Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
12	[illegible]	Bio-Rad Labs. A	[illegible]	[illegible]	–	–	–
20¼	13¾	Bowater Inc.	14¾	[illegible]	$1.20	–	4.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1989/90 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
51	33	Sempernova	33	......				7.2
39	20	Sleepy Kids 5p	26	+1				–
*17½	5	Stats Hldgs 5p	5½	......				13.0
*3¼	1¼	Swanyard Studios 1p	1½	......				7.2
11	2½	Systems Connection 2½p	[illegible]	......				3.9
50	28	Tavern Leis 20p	[illegible]	......	♦			–
115	29	Tomorrows Leisure 20p	67	......				33.1
113	35	UPL Group 10p	47	+7	‡2.75	1.9	8	8.9
150	128	Unit Group	139	+2	5.0	3.3	4.8	7.9
100	6	Video Magic Leis 1p	86	–1	W2.0	0.7	3.1	68.9
14	4	Vista Ents 5p	4	......				–
40	15	Vizcaya Hldgs 5p	18	......				–
46½	23	Waterfall Leisure 20p	39½	–½	0.25	♦	0.8	♦
32½	10	Do Wrrnts	25	–1				–
10¼	4¼	Wilton Group 1p	4½	......				–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	85	.....
Craig & Rose £1 γ	830	.....
Finlay Pkg. 5p. γ	58	+2
Holt (Jos) 25p γ	1340	.....

Arnotts	405	.....
Carroll (P.J.) γ	174	+15
Hall (R. & H.)	190	.....
Helton Hldgs γ	100	–3
IRG	210	+10
United Drug	266	.....

IRISH

Cap 8½% Ln. 1991	£96⅞	.....
9pc Cap Ln 1996	£94	–½
Fin 13% 97/02	£111½	–½

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	42
Amstrad	6½
Astec (BSR)	5½
BAT	67
BOC Grp.	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FBFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	56
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen.	31
Lex Service	26
Lloyds Bank	21
Lucas Inds.	54
Marks & Spencer	16
Midland Bk.	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Polly Peck	30
Racal Elect.	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A.	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res.	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
[illegible] Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gilts & Fixed Int	5	105.5	105.5	111.9	[illegible]	[illegible]
High Inc Equity	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Worldwide Bond	6	195.0	[illegible]	[illegible]	[illegible]	[illegible]
Capital Growth						
American Growth	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Pacific	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Assets & Earnings	6	157.6	[illegible]	[illegible]	+0.2	[illegible]
Capital Reserve Acc	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital Reserve Inc	0	78.56	78.56	78.61	[illegible]	[illegible]
Comdty & Energy	6	118.4	118.4	[illegible]	+0.6	1.50
Dividend & Growth	6	46.75	47.76	[illegible]	[illegible]	[illegible]
1992 Enterprise	6	62.47	62.47	[illegible]	[illegible]	[illegible]
Euro Capital Acc	6	101.7	[illegible]	[illegible]	+0.6	[illegible]
Euro Capital Inc	6	97.95	[illegible]	105.0	+0.5	[illegible]
General	6	[illegible]	[illegible]	190.4	+1.2	[illegible]
International	6	[illegible]	[illegible]	67.23	[illegible]	[illegible]
Japan	6	115.6	[illegible]	[illegible]	[illegible]	[illegible]
Multitrust	6	90.97	90.97	[illegible]	[illegible]	[illegible]
UK Growth Acc	6	182.0	[illegible]	194.7	[illegible]	[illegible]
UK Growth Dis	6	120.4	[illegible]	[illegible]	+0.1	[illegible]
US Emerging Cos	6	51.25	[illegible]	[illegible]	+1.3	[illegible]
Income & Growth	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ethical	6	[illegible]	[illegible]	[illegible]	[illegible]	1.40

[illegible]

PK English Trust (Inv Man) Ltd (1000)F
[illegible] London EC1M [illegible] 01-[illegible]

American*	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Far Eastern*	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth*	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income*	4	[illegible]	[illegible]	151.00	[illegible]	[illegible]
[illegible]	4	77.19	[illegible]	[illegible]	[illegible]	[illegible]

† Dealing day Wed. *Dealing day Thurs.

GUIDE TO UNIT TRUST PRICING

[illegible]

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Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 7HF 01-493 7762
Dealing 01-493 8545

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Opps.	5	47.18	48.26	51.46	-0.92	1.04
(Accum Units)	5	48.55	49.66	52.96	-0.95	1.04
European Opps.	5	72.40	72.69	77.49	-0.75	0.00
(Accum Units)	5	72.80	73.06	77.92	-0.24	0.00
Far Eastern Opps	5	137.65	137.76	146.80	+1.17	0.00
(Accum Units)	5	137.93	138.14	147.34	+1.19	0.00
Golden Opps.	5	47.22	47.22xd	50.36	0.03	0.00
(Accum Units)	5	48.57	48.57xd	51.80	-0.22	0.00
Intl Hi-Yield	5	57.97	58.84xd	62.33	-0.56	4.41
(Accum Units)	5	62.93	63.44xd	67.66	+0.61	4.41
Sanyo Japan Tst	5	72.58	72.58	77.41	+1.19	0.00
(Accum Units)	5	72.58	72.58	77.41	+0.19	0.00
Kangaroo	5	33.13	33.13	35.33	+0.04	1.48
(Accum Units)	5	33.32	33.32	35.53	+0.21	1.49
Oriental Income	5	34.32	34.40	36.68	+0.29	5.12
(Accum Units)	5	38.48	38.56	41.12	+0.34	5.12
Pacific Technology	5	58.54	58.54	62.43	[illegible]	[illegible]
(Accum Units)	5	59.01	59.01	62.94	+1.17	0.00
Tiger	5	148.55	148.91	158.83	+1.05	0.71
(Accum Units)	5	150.86	151.24	161.31	+1.86	0.71
UK Hi-Yield	5	43.30	43.30	46.18	+0.08	4.98
(Accum Units)	5	49.51	49.51	52.80	+0.08	4.98
UK Opps.	5	55.01	56.11	60.02	+0.14	1.50
(Accum Units)	5	59.65	60.84	65.06	+0.13	1.69

Three Counties Asset Mngmt Ltd (1430)F
Cathbert House Tower Rd, Washington NE37 2SH 091 415 3034

Balanced Portfolio	6	93.42	94.55	100.58	-0.34	4.00

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250
4 Hourly Pricing - 12 Noon Historic

TR American Gwth	5¼	45.02	45.02	48.02	+1.41	0
TR Eur Sp Sits Acc	5¼	41.17	41.17	43.85	+0.15	0
TR Eur Sp Sits Inc	5¼	41.99	41.99	44.72	+0.16	0
TR General Growth	5¼	75.19	75.19xd	79.98	-0.38	2.78
TR Global Tech	5¼	70.77	70.77	75.48	+2.01	0
TR Income Growth	5¼	88.67	89.12xd	94.80	+0.51	4.39
TR Income Monthly	5¼	56.97	56.97	60.50	-0.53	6.72
TR Japan Growth	5¼	98.64	98.64	104.7	+1.6	0
TR German Growth	6¼	67.83	67.83	72.32	+1.1	0
TR Smaller Cos	5¼	83.31	83.31	88.62	+0.02	2.96
TR Special Opt	5¼	95.29	95.29xd	101.3	+0.1	2.82
TR Mngd Eq Plan Acc	5¼	34.56	34.56	36.76	+0.16	2.23
TR Mngd Eq Plan Inc		32.41	32.41	34.47	+0.15	2.24
TR World Sp Sit Acc	5¼	37.31	37.31xd	39.74	-0.45	0
TR World Sp Sit Inc	5¼	37.27	37.27xd	39.70	-0.45	0

TR Pension Portfolio

TR American Gwth 6	6	26.74	27.10	28.72	+2.48	0

J. Rothschild Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Exempt	145.3	147.01		1.42

Stewart Ivory & Co Ltd

Sterling PPP Jan 31	264.6	278.61		-

Closed to new business

Thornton Unit Managers Ltd

Managed Exempt Fund	102.42	108.42xd		3.82
(Accum Units)	103.04	109.08xd		3.82

Touche Remnant Unit Tst Mngt Ltd

TR Exempt European	1128	1185	+34	1.58
TR Exempt Nth Amer	989	1111	+17	3.57
TR Exempt Pac Basin	1093	1006	+2	0

INSURANCES

AA Friendly Society
Governors Mngt M & G Inv Mngt Ltd

AA Friendly Sy Jan 12		177.0		-

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop Ser 1	301.4	317.3		-
Equity Ser 1	134.5	141.6	+0.5	-
Prop Acc Ser 2	464.7	489.2		-
Equity Ser 2	[illegible]	164.3	+0.7	-
Selective Acc	350.1	368.6	+0.4	-
Prop Ser 4	364.9	383.0		-
Equity Ser 4	157.4	165.7	+0.4	-
Mgd Ser 4	447.3	470.9	+0.8	-
Fixed Int Ser 4	215.1	226.5	-0.6	-
Indexed Inv Ser 4	141.6	149.1	-0.3	-
American Ser 4	305.5	321.6	+3.3	-
Japan Ser 4	336.9	354.7	+1.7	-
European Ser 4	125.3	131.9	+0.6	-
High Inc Ser 4	467.8	492.5	[illegible]	-
Money Ser 4	242.0	254.8		-

Barclays Life Assur. Co Ltd—Contd.

Sterl Sits Fd Accum · Universal Tec Accum. · Smaller Co's Accum · Do Initial · Managed Pns Accum · Equity Pns Accum · Intnl Pns Accum. · Gilt-edged Pns Accum · Money Pns Accum · Property Pns Accum · "500" Pens Accum. · Income Pens Accum · Smaller Cos Pens Accum · Special Sits Pens Accum · Financial Pens Accum · Leisure Pens Accum · America Pens Accum · Australia Pens Accum · European Gwth Pens Accum · Japan & Gen Pns Accum · Universal Tech Pens Accum · Pens Deposit Accum

For prices of Initial Units phone 01-534 5544.

Black Horse Life Ass. Co Ltd
Mountbatten Hse, Chatham, Kent

Life Funds: The Managed Invest Fd · The Income Fund · The Extra Income Fund · The Worldwide Growth Fd · The Balanced Fund · Smlr Co's & Recy Fd · The Intl Technology Fd · The Nth Amer & Gen Fd · The Energy Intl Fd · The Pacific Basin Fund · The German Growth Fund · The Japan Growth Fund · The UK Growth Fund · The Contl Eur Gwth Fd · Nth Amer S C & Recy · The Property Fund · The Fixed Interest Fd · The Cash Fund · The Managed Fund

Pension Funds: Managed Pen Fd · Fixed Int Pen Fd · Property Pen Fd · Cash Pen Fd

Continued on next page

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	Bid Price	Offer Price	+ or –	Yield Gross
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	105.3	110.9	–0.3	–
Managed Growth	141.1	148.6	–0.4	–
Managed Opportunity	145.2	152.9	–0.3	–
NFMC Target Financial	102.4	107.8	–1.0	–
Pension Funds				
[illegible]	110.0	115.8	[illegible]	–
Managed Growth	145.6	153.3	[illegible]	–
Managed Opportunity	148.6	156.5	–0.3	–
[illegible]	[illegible]	[illegible]	+11.7	–
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Managed Fund	227.7	239.7		–
Managed Prospect Fund	191.0	201.1		–
Pens Managed	288.8	304.0		–
Pens UK Equity	345.9	[illegible]		–
Pens Overseas Equity	382.2	402.4		–
Pens Property	170.1	179.1		–
Pens Fixed Interest	176.5	185.8		–
Pens Index Linked	146.8	154.6		–
Pens Deposit	188.7	198.7		–
Harvester & P.R.P.				
UK Equity	[illegible]	159.1		–
Overseas Equity	136.8	144.0		–
Fixed Interest	120.5	126.9		–
Property	141.5	149.0		–
Index Linked	133.3	140.4		–
Deposit	130.9	137.8		–
Managed	[illegible]	153.2		–
With Profits	134.4	141.6		–
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 01-623 4200				
Managed	345.4	363.6	+1.3	–
UK Equity	445.0	468.5	+1.6	–
Overseas Eq	354.2	372.9	+1.8	–
Americas	255.1	268.6	[illegible]	–
Far East	404.4	425.7	+1.7	–
Property	220.3	231.9	+0.1	–
Fixed Int	218.9	230.5	–0.1	–
Indexed Gilt	138.7	146.1		–
Deposit	159.1	167.5		–
Pension Fund (Accum Units)				
Managed	465.5	490.0	+2.3	–
UK Equity	552.3	581.4	+2.3	–
Overseas Eq	571.9	602.0	[illegible]	–
Americas	338.4	356.3	+0.0	–
Far East	673.4	708.9	[illegible]	–
Property	270.7	285.0	+0.3	–
Fixed Int	262.5	[illegible]	–0.1	–
Indexed Gilt	152.2	160.3		–
Deposit	213.0	224.3	+0.1	–
NPI Pensions Management Ltd				
Managed Fund	1096.4	1116.0		–
Prices February 1 Next dealing March 1				
Norwich Union Asset Management Ltd				
PO Box 124, Norwich NR1 1JS 0603 683986				
NUAM Funds				
Managed Fund	65.9	69.3	+0.2	–
[illegible]	64.7	68.1	+0.4	–
Equity Fund	68.9	72.5	+0.3	–
International Fund	61.8	65.1	+0.5	–
European Fund	71.4	75.2	+0.3	–
North American Fund	56.3	59.3	+0.8	–
Pacific Fund	70.3	74.0	+0.4	–
Property Fund	85.8	90.3		–
Fixed Interest Fund	51.4	54.1		–
Index linked Sec Fund	57.4	60.5	+0.1	–
Deposit Fund	60.8	64.0		–
NUAM Retirement Plans				
Mixed Fund	71.1	74.9	+0.4	–
UK Ordinary Share Fd	79.5	83.6	+0.3	–
International Fund	66.1	69.6	[illegible]	–
Property Fund	84.5	88.9		–
Fixed Interest Fund	59.0	62.1		–

	Bid Price	Offer Price	+ or –	Yield Gross
Providence Capital Life Assc. Co Ltd – Contd.				
Property Initial		168.6	–0.5	–
Money Initial		78.4		–
Special Market Initial		136.9	–0.3	–
Japan Equity Initial		116.6	+1.2	–
North American Initial		81.6	+1.6	–
Pacific Initial		81.3	+0.3	–
Technology Initial		105.9	+0.2	–
Nat Resources Initial		57.1	–0.2	–
European Initial		103.8	–0.3	–
Residential Prop Init		103.6		–
Swiss Equities Initial		36.0	–0.4	–
Hong Kong Initial		46.5	+1.3	–
UK High Inc Eq Init		69.6	+0.2	–
Int Fixed Interest Init		49.6	–0.3	–
Int Managed Init		[illegible]	–0.3	–
HIP Managed Init		114.7	–0.2	–
Broker Funds				
High Performance	75.4	[illegible]	–0.3	–
Towerhill Mngd Fd Acc	53.1	56.0	–0.8	–
YBA Executive Fd	92.4	97.4	–0.2	–
[illegible]	130.5	137.6		–
[illegible]	111.4	117.7		–
IM Balanced		35.6	–0.2	–
H.F. Speculator Fd		[illegible]	–1.5	–
PEP Acorn II		125.0	–0.7	–
PEP Cautionary		95.3	–0.4	–
AAFS Int Man Fund		121.8	–0.8	–
Andrews-Green Inv Port		105.7		–
Individual Pension Funds				
UK Equity Acc	226.7	239.2	+0.6	–
UK Fixed Interest Acc	177.2	187.0		–
Intl Equities Acc	244.5	258.0		–
UK Managed Acc	183.9	193.9		–
Property Acc	212.5	224.2		–
Money Acc	134.8	142.2		–
Special Market Acc	276.4	291.6		–
Japan Equity Acc	239.8	253.0		–
North American Acc	123.8	130.6		–
Pacific Acc	199.1	210.1		–
Technology Acc	179.3	189.2		–
Natural Resources Acc	113.0	119.2		–
European Acc	138.3	145.9		–
Residential Prop Acc	113.6	119.9		–
Swiss Equities Acc	37.6	39.7		–
Hong Kong Acc	46.8	49.4		–
UK High Inc Equ Acc	77.0	81.3		–
Int Fixed Interest Acc	52.9	55.9		–
Int Managed Acc	59.7	62.9		–
Group Pension Funds				
Equity Acc	812.3	837.5	–8.0	–
Fixed Interest Acc	526.2	542.5		–
Managed Acc	132.3	134.9	–1.1	–
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
Unit Fund (Mixed)	1047.4	1099.8	–4.9	–
Equity Fund	240.9	252.9	–1.6	–
International Fd	[illegible]	174.0	–0.6	–
Fixed Interest Fd	151.2	158.8	–0.7	–
Property Fund	[illegible]	235.8		–
Index-Linked Fund	143.7	150.9	–0.4	–
Deposit Fund	[illegible]	[illegible]	+0.1	–
Pens. Mixed (Ord) Fd	250.1	262.6	–1.3	–
Gold Pensions				
Discretionary Fund		121.6	–0.7	–
Equity Fund		122.2	–0.9	–
Fixed Interest Fund		108.5	–0.5	–
International Fund		126.8	–0.5	–
Property Fund		136.7		–
Index-Linked Fund		119.4	–0.3	–
Deposit Fund		120.7	+0.1	–
S & F Consolidation		111.8	–0.1	–
S & F Balanced		125.8	–0.6	–
S & F Maximum Growth		108.1	–0.3	–
Provident Mutual Life Assc. Assn.				
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000				
Managed Ord	334.5	352.1	+1.3	–
Managed Init	263.6	[illegible]	+2.1	–
Equity Ord	474.5	499.5	+2.6	–

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Gartmore Luxembourg SA

Henderson Management SA

Hill Samuel Investment Services Intl SA

NM Financial Mgmt Intl Ltd

Nikko Capital Mgmt (Europe) Ltd

Stronghold Asset Mgmt (Guernsey) Ltd

Tyndall International (Guernsey) Ltd

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

DUBLIN (**)

OFFSHORE INSURANCES

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Union question caps D-Mark

THE D-MARK weakened a little yesterday, as the foreign exchanges looked at the implications of possible monetary union between East and West Germany. The Government in East Berlin discussed the matter yesterday, and said it awaits a formal offer from Bonn. Speculation yesterday centred on a likely conversion rate of three East German ostmarks for every D-Mark, but this is obviously a very sensitive subject open to debate.

East Germany already has a growing unemployment problem, as the country struggles to update its industry to western standards. A rate of parity for the ostmark would intensify the problem and at the same time lead to very large potential profits for speculators. Although the ostmark has been officially at parity with the D-Mark unofficial rates, on the black market, have put the West German currency at up to 20 times higher than its eastern counterpart.

As confusion increased about the problem of conversion, and the potential inflationary implications for West Germany, the D-Mark lost some of its recent gains. This helped reduce nervousness within the European Monetary System. At the London close the D-Mark had fallen to FFr3.3991 from FFr3.4043 against the French franc and to L743.95 from L746.15 in terms of the Italian lira. The strongest currency in the EMS was again the lira, but it was well within cross rate limits against the weaker members.

Unwinding of long D-Mark positions against the Japanese yen, on profit taking, pushed the West German currency down to Y86.90 from Y87.91 and helped give support to the dollar.

The US currency rose towards a technical support point of DM1.6750, but peaked at DM1.6740 and closed at DM1.6725 in London, against DM1.6545 on Wednesday. The dollar also rose to SFr1.4945 from SFr1.4805 and to FFr5.6850 from FFr5.6325. On the other hand it fell to Y145.35 from Y145.45. On Bank of England figures the dollar's index rose to 67.0 from 66.7.

High London interest rates, and nervousness about the political situation in central and eastern Europe, provided support for sterling. The pound showed little change overall. It fell 1¼ cents to $1.6870, against a stronger dollar, and eased to Y245.25 from Y247.25, but rose to DM2.8225 from DM2.8125; to SFr2.5200 from SFr2.5150; and to FFr9.5900 from FFr9.5725. Sterling's index declined 0.1 to 89.1.

The Canadian dollar was weak, on interest rate factors. The Bank of Canada was reported to be an aggressive buyer of the currency in Toronto, and may have also acted through the Bank of England in London.

The Australian dollar rallied slightly in London, closing at 75.47 US cents, after falling below 75 cents at one time in Sydney, following a cut in the Reserve Bank of Australia's discount rate to 17.1 from 17.3 per cent.

£ IN NEW YORK

Feb 8	Latest	Previous Close
£ Spot	1.6895-1.6905	1.6950-1.6960
1 month	0.85-0.84pm	0.88-0.87pm
3 months	2.61-2.58pm	2.71-2.68pm
12 months	9.10-9.00pm	9.40-9.33pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.8	Previous
8.30 am	89.1	89.3
9.00 am	89.0	89.2
10.00 am	89.0	89.4
11.00 am	89.0	89.4
Noon	89.0	89.3
1.00 pm	89.1	89.3
2.00 pm	89.0	89.1
3.00 pm	89.0	89.1
4.00 pm	89.1	89.2

CURRENCY RATES

Feb.7	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling §	-	1.37264	[illegible]
US Dollar	7	[illegible]	1.22274
Canadian $	12.29	1.59356	1.46606
Austrian Sch.	6½	15.5951	14.3476
[illegible]	[illegible]	[illegible]	[illegible]

§ Sterling quoted in terms of SDR and ECU per £. † European Commission Calculations. All SDR rates are for Feb.7

CURRENCY MOVEMENTS

Feb.8	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)

OTHER CURRENCIES

Feb.8	£	$
[illegible]	[illegible]	[illegible]
Iran	117.00*	69.25*
Korea(Sth)	1157.30-1176.00	685.60-691.00
Kuwait	0.4890-0.4910	0.2895-0.2995
Luxembourg	59.00-59.10	34.95-[illegible]
Malaysia	4.5620-4.5735	2.7040-2.7060
Mexico	4605.55-[illegible]	2726.00-2730.00
N. Zealand	2.8490-2.8550	1.6860-1.6890
Saudi Ar.	6.3805-6.3825	3.7500-3.7510
Singapore	3.1425-3.1500	1.8610-1.8630
S. Af (Cm)	4.2740-4.2800	2.5365-[illegible]
S. Af (Fn)	5.5575-5.6505	3.2895-3.3445
Taiwan	44.10-44.20	26.10-26.15
U.A.E.	6.1990-6.2045	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Feb 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15⅛-14⅞	15⅛-14⅞	15¼-15⅛	15⅜-15⅛	15⅜-15¼	15⅜-15¼
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	12⅝-12¼	12½-12¼	12½-12¼	12½-12¼	12⅜-12⅛	12-11⅝
D. Guilder	8⅞-8¾	8⅞-8¾	8⅞-8¾	9⅛-8⅞	9⅛-9	9¼-9
Sw. Franc	9¼-9	9½-9¼	9⅝-9½	9¾-9⅝	9⅞-9¾	9⅞-9¾
Deutschmark	[illegible]	8¼-8⅛	8½-8⅜	8¾-8⅝	8⅞-8¾	8⅞-8¾
Fr. Franc	9⅞-9⅝	9⅞-9⅝	10⅛-10¾	11⅛-11	11¼-11⅛	11⅜-11¼
Italian Lira	13-11	13½-12¾	13¼-12¾	13¼-12¾	13¼-12¾	13½-13¼
B. Fr. (Fin)	10⅜-10¼	10½-10⅜	10⅝-10½	10¾-10⅝	10⅞-10¾	11-10⅞
B. Fr. (Con)	10⅝-10¼	10⅞-10½	10⅞-10⅝	11-10⅝	11-10⅝	11⅛-10⅞
Yen	6⅝-6½	6¾-6½	6¾-6⅝	7⅛-7	7⅛-7⅛	7⅜-7¼
D.Krone	12¼-12	12¼-12⅛	12¼-12⅛	12⅜-12⅛	12⅜-12¼	12½-12⅜
Asian $Sing	8¼-8⅛	8⅜-8¼	8⅜-8¼	8⅝-8½	8⅝-8½	8⅞-8¾

Long term Eurodollars: two years 9-8⅞ per cent; three years 9⅛-9 per cent; four years 9¼-9⅛ per cent; five years 9⅜-9¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Feb.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6850-1.6930	1.6865-1.6875	0.88-0.86cpm	6.19	2.76-2.73pm	6.51
Canada	2.0175-2.0300	2.0180-2.0190	0.42-0.32cpm	2.20	1.33-1.17pm	2.48
Netherlands	3.17¼-3.19	3.17¾-3.18¾	1⅝-1½cpm	5.42	4⅝-4½pm	5.73
Belgium	58.85-59.15	59.00-59.10	21-19cpm	4.06	66-62pm	4.34
Denmark	[illegible]-10.92½	10.85-10.86	2⅝-2¼orepm	2.63	7⅞-7¼pm	2.76
Ireland	1.0630-1.0710	1.0645-1.0655	0.32-0.27pm	3.32	0.97-0.87pm	3.46
W. Germany	2.81¼-2.82¾	2.82-2.82½	1⅛-1⅛pfpm	[illegible]	4⅛-4⅛pm	[illegible]
Portugal	247.65-249.70	248.65-249.65	6-32cdis	-0.92	103-149dis	-2.02
Spain	182.45-[illegible]	182.90-183.20	10-7cpm	0.56	[illegible]	-0.39
Italy	2093¼-2102¼	2098½-2099½	6-1lirepm	2.00	15-7pm	2.10
Norway	10.87½-10.93¾	10.87½-[illegible]	3⅛-2⅝orepm	3.31	9⅝-9⅛pm	[illegible]
France	9.56¼-9.60½	9.58½-9.59½	3⅛-3cpm	3.83	9⅛-7⅛pm	3.57
Sweden	10.28¾-10.31¼	10.29¾-[illegible]	N/A	N/A	N/A	N/A
Japan	244½-[illegible]	244¾-245¾	1⅝-1½ypm	7.65	4⅞-4⅞pm	7.75
Austria	19.81-19.91	19.87-19.90	11¼-10⅛gropm	6.49	32⅞-30⅜pm	[illegible]
Switzerland	2.51¼-2.52½	2.51½-2.52½	1⅛-1cpm	5.06	3⅛-3⅛pm	5.06
ECU	1.3830-1.3860	1.3835-1.3845	0.44-0.41cpm	3.68	1.29-1.24pm	3.66

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 59.00-59.10 Six-month forward dollar 5.25-5.20cpm 12 Months 9.32-9.22pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6850-1.6930	1.6865-1.6875	0.88-0.86cpm	6.19	2.76-2.73pm	6.51
Ireland†	1.5830-1.5935	[illegible]	0.41-0.36cpm	2.90	1.37-1.27pm	3.32
Canada	1.1930-1.2000	1.1965-1.1975	0.38-0.42cdis	-2.40	1.19-1.26dis	[illegible]
Netherlands	1.8755-1.8875	1.8860-1.8870	0.09-0.12cdis	-0.67	0.30-0.35dis	-0.69
Belgium	[illegible]	[illegible]	3.00-9.00cdis	-2.06	14.00-25.00dis	-2.24
Denmark	6.42¼-6.45¼	6.43¼-6.43¾	1.85-2.05oredis	[illegible]	5.75-6.25dis	-3.73
W. Germany	[illegible]	1.6720-1.6730	0.01pm-0.01dis	-0.07	0.08-0.12dis	-0.24
Portugal	147.05-147.85	147.75-147.85	80-95cdis	-7.14	305-330dis	-8.63
Spain	107.00-108.65	108.55-108.65	52-57cdis	-6.06	180-185dis	-6.76
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.95-35.05.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6705	+1.19	+1.19	±1.5508
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb.8	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.077	6.877	11.51	1000.	39.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.043	1.759	2.944	255.8	10.	2.628	3.319	2189	2.105	61.37
S Fr.	[illegible]	0.669	1.120	97.34	3.806	1	[illegible]	832.9	0.801	23.43
H Fl.	0.314	0.530	0.887	77.07	3.013	0.792	1	659.4	0.634	18.55
Lira	0.476	[illegible]	1.345	116.9	4.569	[illegible]	1.516	1000.	0.962	28.13
C $	0.495	0.836	1.398	121.5	[illegible]	[illegible]	1.577	1040	1	29.25
B Fr.	1.693	2.857	[illegible]	415.4	16.24	4.268	5.390	3555	3.419	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

[illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

[illegible]

LIFFE $/£ OPTIONS £25,000 (cents per £1)

[illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100%

[illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

US TREASURY BONDS 8% $100,000 32nds of 100%

[illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

[illegible]

THREE MONTH STERLING £500,000 points of 100%

[illegible]

THREE MONTH EURODOLLAR $1m points of 100%

[illegible]

THREE MONTH EUROMARK DM1m points of 100%

[illegible]

THREE MONTH ECU ECU 1m points of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6870	1.6785	1.6596	1.6348	1.5943

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Mar	1.6762	1.6798	1.6752	1.6828
Jun	1.6510	1.6536	1.6490	1.6568
Sep	-	-	1.6270	1.6532

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

STANDARD & POORS 500 INDEX $500 times index

[illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

[illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
March	88.79	88.82	+0.05	88.86	88.66	11.15	7,547
June	88.79	88.82	+0.05	88.85	88.67	11.18	7,077
September	88.95	89.05	+0.14	89.05	88.78	10.95	2,091
December	88.93	89.08	+0.12	89.08	88.93	10.92	194

Estimated volume 19,416 Total Open Interest 16,909

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
February	1891.0	1904.0	+15.5	1906.0	1885.0	5,715
March	1890.0	1903.0	+14.0	1907.0	1885.0	1,005
April	1891.5	1902.0	+9.0	1902.5	1891.0	120
June	-	-	-	-	-	17

Estimated volume 4,767 Total Open Interest 6,857

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williams Secs.	15
Bank Credit & Comm.	15	Robert Fraser & Ptrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh.	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. N. East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

German rates firm

SUGGESTIONS THAT West Germany will increase borrowing, to finance closer contact and possible unification with its East German neighbour, pushed fixed period rates higher in Frankfurt yesterday. Three-month funds rose to 8.10 per cent from 8.025 per cent.

Conditions were quiet and calm in London, but the credit position remained tight. Speculation that the moving together of the two German states will lead to higher interest rates has not yet had any great impact. There is a view in the City that the UK authorities will be very reluctant to follow any upward move in West German rates even if it results in pressure on sterling.

UK clearing bank base lending rate 15 per cent from October 5

It is not even certain that this will happen. The pound has been one of the best performing of the main trading currencies so far this year and may retain its attraction if there are political problems in central and eastern Europe. Dealers see no domestic reason for a change in UK bank base rates and given the present uncertain international climate market rates in London are showing little movement. This is likely to remain the case until a change in the domestic situation, or the international picture becomes clearer. Three-month sterling interbank was quoted at 15⅛-15$\frac{1}{16}$ per cent, against 15$\frac{3}{16}$-15$\frac{1}{16}$ and 12-month money was steady at 15¼-15$\frac{1}{16}$.

Day-to-day credit has been very tight in London so far this week. The Bank of England forecast another large shortage of £1,050m yesterday, and provided total assistance of £994m. Early help was offered once again, and at that time the authorities bought £602m bills, for resale to the market on February 13, at rates of 14$\frac{27}{32}$-14$\frac{29}{32}$ per cent.

Before lunch the Bank of England purchased £204m bills outright, by way of £43m bank bills in band 1 at 14⅞ per cent; £2m Treasury bills in band 2 at 14¾ per cent; and £159m bank bills in band 2 at 14¾ per cent.

In the afternoon another £188m bills were bought outright, via £38m bank bills in band 1 at 14⅞ per cent, and £150m bank bills in band 2 at 14¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £691m, with a rise in the note circulation absorbing £100m, and bank balances below target £350m. These outweighed Exchequer transactions adding £100m to liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.8) 3 months US dollars		6 months US Dollars	
bid 8⅝	offer 8¾	bid 8$\frac{11}{16}$	offer 8$\frac{13}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	6.90	Three year	8.37
Broker loan rate	9¾	Two month	7.95	Four year	8.41
Fed.funds	8$\frac{5}{16}$	Three month	8.06	Five year	8.44
Fed.funds at intervention	-	Six month	8.17	Seven year	8.45
		One year	8.12	10-year	8.46
		Two year	8.37	30-year	8.49

Feb.8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	7.40-7.50	7.90-8.05	8.00-8.20	8.45-8.65	8.00
Paris	10$\frac{1}{16}$-10⅜	10$\frac{13}{16}$-10$\frac{15}{16}$	-	11⅛-11¼	-	9.50
Zurich	8¾-9¼	9¼-9½	-	9¼-9½	-	-
Amsterdam	8.68-8.82	8.85-8.95	-	8.95-9.05	-	-
Tokyo	6$\frac{13}{16}$-6$\frac{15}{16}$	6$\frac{13}{16}$-6$\frac{15}{16}$	-	6$\frac{15}{16}$-7$\frac{1}{16}$	-	-
Milan	12½-12¾	13⅛-13¼	-	13¼-13½	-	-
Brussels	6.75	10½-10⅝	-	10⅝-10¾	-	-
Dublin	11¼-11½	11¾-11⅞	11$\frac{13}{16}$-11$\frac{15}{16}$	11$\frac{15}{16}$-12$\frac{1}{16}$	11$\frac{15}{16}$-11$\frac{15}{16}$	-

LONDON MONEY RATES

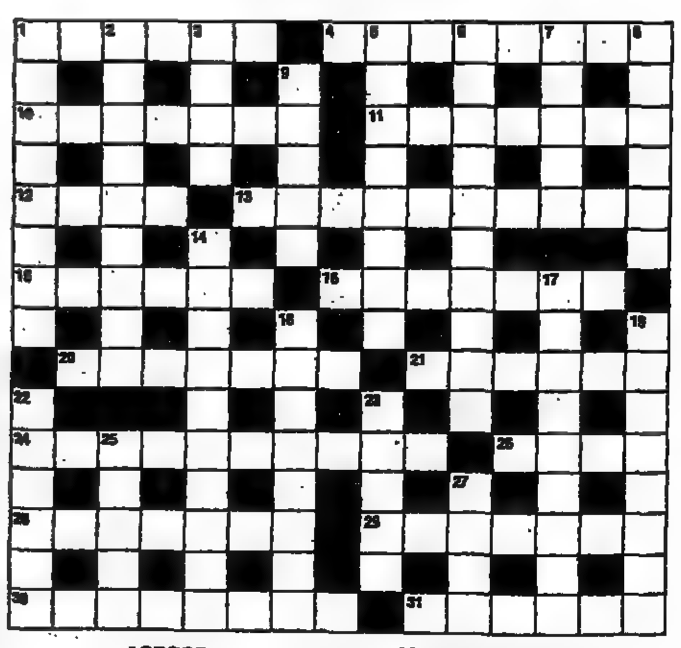
Feb.8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	15$\frac{1}{16}$	15⅛	15$\frac{3}{16}$	15$\frac{5}{16}$	15$\frac{5}{16}$
Interbank Bid	8	14$\frac{15}{16}$	15	15⅛	15$\frac{3}{16}$	15$\frac{3}{16}$
Sterling CDs.	-	-	15$\frac{1}{16}$	15⅛	15⅛	14$\frac{15}{16}$
Local Authority Deps.	14$\frac{15}{16}$	14$\frac{15}{16}$	15	15	15$\frac{1}{16}$	15
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14$\frac{13}{16}$	14$\frac{13}{16}$	14⅞	14⅞	-	-
Company Deposits	-	-	15$\frac{1}{16}$	15$\frac{3}{16}$	15¼	15$\frac{3}{16}$
Finance House Deposits	-	-	15⅛	15¼	15$\frac{5}{16}$	15¼
Treasury Bills (Buy)	-	-	14$\frac{13}{16}$	14$\frac{13}{16}$	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14¾	-
Fine Trade Bills (Buy)	-	-	15¼	15¼	14$\frac{15}{16}$	-
Dollar CDs.	-	-	8.32	8.34	8.42	8.64
SDR Linked Dep. Offer	-	-	9	9⅛	9¼	9½
SDR Linked Dep. Bid	-	-	8¾	9⅛	9⅛	9⅛
ECU Linked Dep. Offer	-	-	11	11⅛	11¼	11⅜
ECU Linked Dep. Bid	-	-	10⅞	11⅛	11⅛	11¼

Treasury Bills (sell); one-month 14$\frac{11}{16}$ per cent; three months 14½ per cent; Bank Bills (sell): one-month 14$\frac{13}{16}$ per cent; three months 14$\frac{13}{16}$ per cent; Treasury Bills; Average tender rate of discount 14.4760 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1990. Agreed rates for period February 26 1990 to March 25, 1990, Scheme I: 15.89 p.c., Schemes II & III: 16.43 p.c. Reference rate for period Dec.30, 1989 to January 31, 1990, Scheme IV&V: 15.199 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from February 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989, Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,160 Set by MUTT



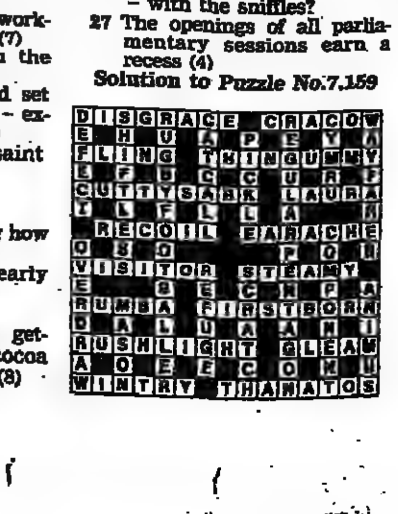
ACROSS

1 Query about stray boat (6)
4 Continues to make money (8)
10 Hat salesman first kind of creeper (7)
11 Plant, with piano, to be put in lorry (7)
12 Notice a light? (4)
13 For old bone-shaker to develop ice is risky (10)
15 The wild ass – gets overtime, right? (6)
16 Don't start, man I'm a bit tetchy, need to liven up (7)
20 Late gift (7)
21 Response of artist turned out of quarters (6)
24 Docile pair absorbed in a magazine (10)
26 Accustomed to being taken advantage of (4)
28 Composer meant to be working in South America (7)
29 Go off and trudge in the river (7)
30 Half year course could set compiler on the way – extremely clairvoyant (8)
31 Brook and French saint – Thomas? (6)

DOWN

1 Part of factory showing how pork's processed (8)
2 Spying mince pies, nearly all of 15 tagged on (9)
3 Bird track? (4)
5 State registered nurse getting stroppy about cocoa being bad for animals (8)
6 Obligation to remark about it – married (10)
7 Eng Lit point for the upper classes (5)
8 Sappers turning up tuck in close to the transmitter (6)
9 Straight up and down (5)
14 The wine is dandy – Scottish sweetheart is following the French (10)
17 They suffered so in Hamelin, said Browning (9)
18 Large city almost swallowed by yawn (8)
19 Treading precariously where the ground slopes (8)
22 In brief fits resorts to writing (6)
23 Underworld taken in on points (5)
25 In the parlour, you say – with the sniffles?
27 The openings of all parliamentary sessions earn a recess (4)

Solution to Puzzle No.7,159



WORLD STOCK MARKETS

CANADA

TORONTO
2pm prices February 8

INDICES

NEW YORK

DOW JONES	Feb 7	Feb 6	Feb 5	Feb 2	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2640.09	2606.31	2622.52	2602.70	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.66	90.80	90.94	91.02	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1082.86	1071.12	1074.15	1063.30	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	223.59	222.71	223.91	224.28	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2651.35 (2629.50) Low 2579.28 (2588.29)

STANDARD AND POOR'S

	Feb 7	Feb 6	Feb 5	Feb 2	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	333.75	329.66	331.85	330.92	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	385.39	380.09	382.92	381.12	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	28.12	27.82	28.07	27.97	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	184.31	182.33	183.35	182.75	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (28/4/42)
Amex Mkt. Value	356.35	354.74	354.70	353.56	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	426.79	423.99	424.73	422.21	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb 2	Jan 26	Jan 19	year ago (approx.)
Dow Industrial Div. Yield	4.16	4.20	3.99	3.45
	Jan 31	Jan 24	Jan 17	year ago (approx.)
S & P Industrial div. yield	3.13	3.11	3.03	3.12
S & P Indl. P/E ratio	14.04	14.09	14.39	13.40

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA TORONTO

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

**Saturday Feb. 3: Taiwan Weighted Price: 11869.40 Korea Comp Ex.
‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday February 8 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Cosmo Oil	9.1m	1,400	0	Kobe Steel	4.7m	725	-15
Nippon Steel	7.7m	702	-3	Dai Nippon Cnstr	4.5m	2,100	-20
Nippon Mining	6.8m	1,110	-20	Hitachi	4.3m	1,550	+10
MHI	6.6m	1,050	-10	Toshiba	4.2m	1,600	-30
Kawasaki Steel	5.4m	788	-11	Yuasa Battery	4.2m	1,600	-30

3pm prices February 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	past Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	24¼	AAR	.48	1.6	18	120	31	30⅝	30¾	– ⅛
9¼	8½	ACM n	1.01	11.		111	9⅜	9¼	9⅜	+ ⅛
11⅝	10½	ACMIn	1.26	11.		350	11¼	11	11¼	+ ⅛
9⅞	8	ACM M	n1.01	12.		79	8½	8¼	8¼	– ⅛
12⅛	12	ACMMM				38	12	12	12	
11½	10	ACM Sc	1.26	11.		677	11⅛	11	11	– ⅛
9⅜	8⅛	ACMSp	1.01	11.		253	9¼	9⅛	9⅛	
19⅜	11½	AL Lab	.16	.9	19	42	18½	18	18	– ⅜
4⅛	3⅛	AMCA	.12e	3.4	9	25	3½	3½	3½	
6⅛	3⅞	AM Intl			8	188	4	3⅞	3⅞	
23½	16⅜	AM In pf	2	11.		5	17½	17½	17½	– ⅛
107¼	52½	AMR			6	4062	56⅞	55¼	55⅜	– ⅛
5½	3⅛	ARX				27	3½	3⅛	3⅜	
72¾	39	ASA	3a	4.3		2524	70⅛	67½	69½	+ ⅞
70⅝	48⅛	AbtLab	1.40	2.2	17	2865	65¼	64⅞	64⅞	– ⅜
18¼	11¼	Abitibi g	.50			23	12⅞	12¼	12⅞	+ ⅛
13	9¼	AcmeC	.40	4.2	11	67	9⅛	9⅝	9⅝	
9¾	6	AcmeE	.32	3.7	11	14	8⅞	8¾	8⅞	
38½	25½	Acusn			21	488	31⅛	30⅝	31⅛	+ ½
16½	12⅞	AdaEx	2.08e	13.		170	15⅝	15½	15⅝	+ ⅛
15⅛	7	Adobe				405	13⅜	13	13⅜	+ ⅜
20¼	16⅞	Adob pf	1.84	9.7		32	18⅞	18⅞	18⅞	– ⅛
21⅜	19⅞	Adob pf	2.40	11.		32	21¼	21	21	– ¼
10½	6⅞	AMD			5	1886	7⅜	7¼	7¼	– ⅛
35	28⅛	AMD pf	3	10.		155	29⅜	29	29⅜	+ ⅜
10⅛	6⅛	Advest	.16	2.6	8	635	6½	6⅛	6⅛	– ½
62½	48½	AetnLf	2.76	5.5	8	1385	51½	50¼	50⅜	+ ⅜
14	9⅞	AMPb	.24	2.1		x433	11⅜	11⅛	11⅛	+ ⅛
[illegible]										

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15	9¼	RussTg	.20	2.0	20	28	10	9¾	10	+ ⅛
26½	18¾	Russell	.32	1.3	15	491	25	24⅞	24¾	− ⅛
31½	18¼	Ryder	.60	3.4	20	2980	18⅛	d17⅞	17⅞	− ⅜
29½	19⅞	Rykoff	.60	3.5	11	8256	17	d16	17	− 4⅞
25¾	16¼	Ryland	.60	3.1	6	85	19¾	19½	19½	
14¼	9⅛	Rymer				15	9¼	9⅛	9⅛	− ⅛
		– S – S – S –								
41	31	SCEcp	2.56	6.6	11	1123	38⅞	38⅝	38⅝	
14½	7½	SCOR U	.20	1.6	13	50	12½	12½	12½	+ ⅛
9½	7⅛	SL Ind	.17b	2.1	14	5	8¼	8¼	8¼	
60⅛	38	SPSTec	1.28	3.3	11	170	38½	38⅜	38⅜	
36⅝	22⅛	SPX Cp	1	4.0	6	64	25⅛	24⅞	25⅛	+ ⅛
36⅝	27⅛	SSMC			92	83	31½	31⅛	31⅛	− ¼
22½	11¼	Saatchi	.46e	4.0		117	12¼	12	12	− ⅜
14⅞	12¼	SabnR	1.30e	11.	10	107	13¼	13	13⅛	− ⅛
7⅛	4¼	Salecrd	.10	1.5	6	3775	6¾	6½	6½	− ¼
19	12⅞	SfgdSc			11	337	13¼	13¼	13¼	+ ½
38¾	25¼	SafKln	.36	1.3	21	4354	28	27⅝	27¾	
9¼	8⅛	SahCas	1.12	13.	20	35	8¾	8½	8¾	
24⅞	21	StJoLP	1.60	6.8	10	12	23⅞	23⅛	23⅞	− ⅛
53½	34⅞	StPaul s	.52	1.2	16	2125	45¼	44¾	44⅞	+ ¼
28½	20⅛	Salomn	.64	2.9	8	2117	22⅝	22¼	22¼	− ⅛
45⅝	38⅛	SDieGs	2.70	6.5	13	1908	43	40¾	41¼	− 1½
9⅞	7¼	SJuanB	.17e	2.2	43	186	7¾	7⅝	7⅝	
35	26½	SAnltRt	2.08	7.7	17	132	27⅛	26⅞	26⅞	− ⅛
14⅞	6⅛	SFeEP	2.86	38.		38	7¾	7⅝	7⅝	
27¾	20⅞	SFePP	2.40	9.2	9	96	26⅛	26¼	26⅛	− ⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
12¼	5	Wyse				83	9⅝	9⅛	9⅛	
		– X – Y – Z –								
69	50½	Xerox	3	5.5		52166	55⅞	55	55	− ½
48	44½	Xerox pf	4.13	8.7		1	47¼	47¼	47¼	
45⅜	23½	XTRA	.72	3.0	80	182	24⅞	24⅝	24⅝	− ⅛
4⅛	2⅛	Zapata				2778	3⅛	3	3⅛	+ ⅛
12⅝	7⅛	Zemex	.20	2.6		15	7⅞	7⅝	7⅝	+ ⅛
21⅞	8⅞	ZenithE				2065	10⅞	9¾	9¾	− ⅜
21⅛	16⅝	ZenNtl	.84	5.0	8	72	17	16⅞	16⅞	− ⅛
10	8⅛	Zenix	1.08	16.		245	6⅞	6⅝	6⅝	− ⅛
18⅛	14⅛	Zero s	.40	2.7	14	38	14⅞	14⅝	14⅝	+ ⅛
44⅝	26⅞	Zurnin	.76	2.0	17	451	38	36⅝	37⅞	+ 1½
12⅞	10	Zweig	1.21e	10.		188	11½	11½	11½	
10	8⅛	ZweigTl	.95	10.		678	9⅛	9⅛	9⅛	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices February 8

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
HerltEn			21	1½	1½	1½	
HersbO		118	50	5⅞	5⅞	5⅞	− ⅛
HomeSh			1231	7⅞	7¼	7¼	
HrnHar			138	4⅞	4⅝	4⅝	− ⅛
HovnEn		8	38	7⅞	7¾	7¾	
– I – I –							
ICH		7	528	3⅛	3⅛	3⅛	− ⅛
ImpOil	g1.80		1052	52⅝	51⅝	52½	+ ⅛
InstSy		10	127	1⅞	1⅝	1⅝	
[illegible]							
ProCtr s			94	6⅛	6¾	5⅞	
ProMed	.42	12	2	4⅞	4⅞	4⅞	
ProfCre		13	6	6⅛	6⅛	6⅛	
– R – R –							
PegGld	.10e	33	320	15	14⅞	14⅞	− ⅛
PerIniC	.80	50	31	30¼	30¼	30¼	+ ⅛
PlHead	1.83		17	14¼	14	14	− ¼
PhlLD	.15e	8	37	15	14⅞	15	+ ⅛
Pitway	n.60e	16	38	d37½	37½		− 1⅛
Pitwy A	.70		2	34½	34½	34½	− ⅛
PlyGem	.12	9	66	9½	9¼	9¼	+ ⅛
Presd B		160	3	6½	6½	6½	
Presd A	.10		6490	7½	7⅜	7⅜	− ⅛
[illegible]							
WelGrd							
WDigitl		19	[illegible]				
WIRET	1.40	17	[illegible]				
Worthn		11	[illegible]				

NASDAQ NATIONAL MARKET

3pm prices February 8

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							
Wyman	.30		284	13¾	13¾	13¾	− ¼
– X – Y – Z –							
XL Dta s		4	2090	8¼	7	7⅛	− ⅜
XOMA			7500	22½	20	21	+ 1
Xicor		150	682	3¼	3	3	− ⅛
Xyvsn			475	2½	2⅜	2⅜	− ⅛
YanEnS	.76e	13	46	21⅛	20	20½	
YlowF	.78	38	516	23⅞	23⅛	23¼	
YorkRs		20	968	11⅛	10⅝	10⅝	− ⅛
ZionUt	1.44	11	20	27⅛	27	27	− ⅛

...ued on Page 4...

AMERICA

Dow extends its advance as volume remains active

Wall Street

A CONTINUED rally in bond prices helped the equity market to build on its recent gains yesterday, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 13.74 points higher at 2,653.83 on active volume of 124m shares. The Dow had closed 33.78 points higher at 2,640.09 on Wednesday.

Other major indices were also quoted up at midsession yesterday, attesting to the broad nature of the current rally, but the market generally came off its mid-morning highs.

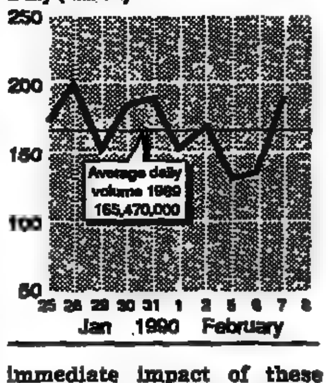
The equity market closely followed movements in the Treasury bond market which opened slightly lower, then rallied to leave the long bond around 7/16 point higher but then dipped back once again before the $10bn 30-year bond auction.

At midsession, the benchmark long bond was quoted only 1/16 point higher for a yield of 8.52 per cent. The successful auctions of bonds on Tuesday and Wednesday have finally put to rest the pessimistic rhetoric from primary dealers which largely caused the price decline going into the quarterly refunding and bond prices have been generally rising since Wednesday afternoon.

With the long bond auction completed, both markets will have a chance to think about fundamentals. The first focus will be today's announcement of producer prices.

Of longer-term interest will be the the continuing surge of the D-Mark and an expectation that interest rates in West Germany will move higher, particularly in view of possible talks on monetary union between East and West Germany. The immediate impact of these developments on US markets will probably be felt in the bond market where yields may – at some stage – have to rise to attract interest in competition with West German bonds which fell sharply on Wednesday.

NYSE volume



The paramount question in the equity market is whether the rally from January's lows can be sustained. A survey of stock market analysts by Investors Intelligence published on Wednesday showed that 57.3 per cent of 130 analysts expected a bear market in equities. This is the most bearish indicator since June 1982. The more bearish the consensus of analysts, experience has shown, the more likely the stock market is to rally.

Oil stocks were some of the best performers yesterday. Exxon added $⅝ to $48⅝, Chevron jumped $2 to $69⅞ and Texaco gained $1¼ to $59⅝.

Among featured individual stocks was Rykoff-Sexton, which distributes to the food service industry. Its stock price slumped $5 to $16⅞ after the company said that it would report net income of around 5 cents a share for the fiscal quarter ended January 27 compared with 38 cents a share a year ago.

Federal-Mogul dropped $1 to $18¾ after saying that its earnings would be significantly below current estimates.

Among companies reporting results yesterday were Tenneco which rose $⅞ to $66⅞ and Colgate-Palmolive which added $1¼ to $58⅞.

Canada

OPTIMISM about the US bonds auction spilled over into Toronto, helping stocks register gains. The composite index rose 13.9 to 3,793.2 on volume of 15m shares. Advances led declines 263 to 199.

The oil and gas index climbed 40.07 to 4,406.23. BP Canada rose C$1⅛ to C$22 and Mark Resources put on C$⅜ to C$12⅛.

ASIA PACIFIC

Nikkei bounces back with rally in final hour's trade

Tokyo

CAUGHT between a slumping bond market and an inclination to recover, the market swung up and down yesterday before closing strongly on index buying, *writes Michiyo Nakamoto in Tokyo.*

The falling bond market turned an early gain of more than 150 points in the Nikkei average into a decline of more than 120 by the morning close, but the index shot up more than 300 on index-linked buying in the last hour – 103 in the last three minutes alone – to close 214.37 better at 37,516.24.

The Nikkei ended at its high for the day, against a low of 37,180.81. Declines led advances by 487 to 448 with 197 unchanged and turnover slipped to 430m shares from 470m. The Topix index of all listed stocks lost 5.21 to 2,745.15 while, in London, the ISE/Nikkei index added 1.74 to 2,026.11.

Reports that US economist Milton Friedman had predicted that prices would collapse on the Tokyo stock market in the near future were noted, but promptly ignored in Tokyo.

At the same time, rumours of a magazine article on a stock trading scandal involving a politician were proved quickly to be unfounded.

It is not the first time that a market crash has been predicted, and the rumours story seemed hazy from the start. Nevertheless, the market was vulnerable to these suggestions and was thus somewhat nervous, said Mr George Nimmo at SBCI Securities.

The second section of the TSE enjoyed another rise to a record 4,257.78, up 32.87 on record volume of 72m shares. But interest in the first section remained unfocused and short-lived.

Among first-section issues, Mochida Pharmaceutical enjoyed a strong rise of Y500, or 11.7 per cent, to Y4,750. It was boosted by reports that a biochemical laboratory with which it has connections has developed an Aids drug. Mochida's turnover shot up to 1.9m shares.

In Osaka, the OSE average fell 128.89 to 38,594.37. Volume was up to 60m shares from Wednesday's 51m.

Roundup

THE RALLY continued in Hong Kong, where the market had its busiest day for more than six months. Other leading markets in the region were little changed.

HONG KONG advanced more than 2 per cent in the most active trading day since June. The Hang Seng index gained 58.88 to 2,903.77 on turnover of HK$1.97bn, up from the previous day's HK$1.1bn. The index has risen more than 6 per cent this week and turnover yesterday was triple last week's average.

The overnight gains on Wall Street and a switch of institutional funds into Hong Kong from other, more expensive south-east Asian markets were given as reasons for the rally.

Continued speculative buying pushed Jardine Matheson, one of the 10 most active stocks, up HK$1 to HK$25 and its Mandarin Oriental hotel group 20 cents higher to HK$6.15.

Kam Shing Commercial and Industrial, the property and garment trading company, gained 22½ cents, or 5.1 per cent, to HK$4.62½. GGS, a Japanese property and investment group, has bid for more than 63 per cent of the company at HK$4.86 a share.

SINGAPORE was active, but shares finished mixed. The Straits Times industrial index rose 4.12 to 1,588.78.

Kim Eng Holdings, the first publicly listed stockbrokers in Singapore, closed at S$1.93, compared with the offer price of 65 cents, with 25.8m shares exchanged on its first day of trading.

AUSTRALIA ended slightly higher, after making early losses. A fall in the local dollar encouraged the bargain-hunters, and the All Ordinaries index added 2.8 to 1,648.4, after dropping almost 11 points.

Turnover was 102m shares worth A$225m, similar to Wednesday's 117m and A$224m. Investors remained worried, however, by the number of companies in financial difficulties or with high debt levels. Highly geared companies declined in active trading, including Adelaide Steamship, off 18 cents at A$5.04 on 1.09m shares traded, and News Corp, down 40 cents at A$10.85 – its lowest level since January last year – on 1.81m shares.

Resource issues firmed on the lower dollar, with CRA up 20 cents at A$11.85.

BOMBAY fell as concern about the unrest in Kashmir grew. The stock exchange index dropped 15.17 points, or 2.2 per cent, to 659.30.

SOUTH AFRICA

MODEST profit-taking and weaker bullion prices pushed gold shares lower in Johannesburg trading, but losses were contained by a further easing in the financial rand.

EUROPE

Soviet and US influences in bourse recovery

ANOTHER triumph for the Soviet President, Mr Mikhail Gorbachev, and a good start on Wall Street yesterday combined to give continental bourses a reason to recover some of their lost ground, *writes Our Markets Staff.*

FRANKFURT cut short its correction in acknowledgement of Wednesday's news that Mr Gorbachev had swayed the Soviet Communist Party behind his domestic political reforms. Equities recovered in spite of ongoing weakness in the West German bond market, and mounting fears about the consequences of monetary union with East Germany.

After a 6.19 rise to 796.88 in the FAZ index at midsession, the DAX closed 15.69 higher at 1,915.69. Some of the big international blue chips did better, with BMW up DM17 at DM634, Daimler rising DM18 to DM920.50 and Siemens DM17.30 higher at DM792.30.

Gains like these were attributed to large Japanese buy orders in the market, where volume recovered from DM11.2bn to DM12.1bn. Japanese institutional investors were said to be a stronger influence than the country funds launched, or about to be launched, by Japanese securities houses.

Retailers were off by between DM2 and DM5 a share. After the market closed, there was news that West German retail sales fell by 0.9 per cent in real terms in December, compared with the same month a year earlier. One exception to the retail trend was Asko, which jumped DM35 to DM730 on bargain-hunting and short-covering following its recent declines.

Among the engineers, MAN's indication of a pending rights issue, after 1989 acquisitions costing DM540m, actually left the shares DM9 higher at DM473.

PARIS finished at its best level of the day, as Wall Street opened higher. There had been jitters before trading began in France, as the March Matif bond futures contract looked likely to plunge again; but as the Matif steadied and firmed during the day, equities rose.

The CAC 40 index gained 10.27 to 1,905.51 on turnover estimated at slightly better than Wednesday's FFr2.9bn.

Michelin lost FFr4.70 to FFr133.80 in the most active business of the day, as a leading broker turned negative on the stock. News that Thomson-CSF would retain its dividend in spite of a decline in profits of 10 per cent pushed it up FFr4.50 to FFr142.

ZURICH followed the lead set by Tokyo and Frankfurt, and share prices gained ground. The opening had been subdued, amid worries about high interest rates, but foreign buying helped the bourse make a strong close.

The Crédit Suisse index gained 6.2 points, or 1 per cent, to 618.2. Foreign interest focused at first on Nestlé, after the previous day's news that the company had developed a system designed to improve the registration and clearing of its registered shares for foreign investors. Nestlé registered stock gained SFr250, or 2.9 per cent, to SFr8,840 and its bearers added SFr160 to SFr8,910.

AMSTERDAM rose after two days of weakness, with the CBS tendency index up 1.2 at 111.3. KLM, the airline, fell Fl 1.60 to Fl 36.40 after reporting a loss in fourth quarter profits and saying that full-year figures would be similar to the previous year's.

OSLO climbed to a record high in lively trading, with investors concentrating on shipping and oil-related stocks. The all-share index, which rose 8.4 to 608.58 in turnover totalling NKr720m, has risen by 15.4 per cent since December.

STOCKHOLM recovered from sharp losses in early trading in response to stringent economic proposals – including a ban on raising share dividends – announced in parliament by Finance Minister Mr Kjell-Olof Feldt, writes Simon Greaves.

The proposals, aimed at cooling down the Swedish economy, will be considered by parliament on February 15.

Local investors welcomed plans for a wage freeze and a strike ban, but were unhappy about proposals for a two-year ban on raising dividends. The Affärsvärlden General index closed 2.2 higher at 1,242.4, after falling about 1 per cent following the dividend freeze announcement.

Trading remained thin, at SKr148m, because of the pay dispute which has shut Swedish banks for more than a week. Stockholm has performed erratically and nervously this year, with regular daily 1 per cent swings in both directions and observers now expect the market to drift, according to one analyst.

Ericsson free Bs put on SKr7 to SKr972 after the telecommunications group announced a widely-expected doubling of 1989 profits and a five-for-one share split. It earlier proposed that the 1989 dividend be raised from SKr10.50 to SKr14, but said the payment depended on the Government's economic plans.

Company president Mr Bjorn Svedberg said: "One third of our share owners are foreigners and we may now have to tell them there won't be a dividend rise for the next two years."

Esselte, the office supplies and media group, remained suspended from trading after becoming the target of Sweden's biggest leveraged buy-out offer. Its shares were suspended on Monday.

MILAN fell again after Wednesday's news that the Government plans to introduce a capital gains tax on bourse transactions some time this month. The Comit index eased 2.55 to 677.73.

One stock to move higher was Enimont, up L12 at L1,538 on renewed signs that a compromise would be reached over the control of the chemical venture.

BRUSSELS was mixed in moderate trading amid sustained interest rate worries. The cash market index shed 48.63 to 6,116.13.

Cockerill, the steelmaker, which was suspended on Wednesday before announcing that it was taking a majority stake in a West German automotive supplier, was actively traded with 297,500 shares changing hands. It closed up BFr4 at BFr192.

HELSINKI lost ground in very thin trade after Union Bank of Finland announced a 53 per cent fall in 1989 pre-tax profits. UBF's restricted A shares shed FM1.5 to FM29.

The Unitas all-share index fell 5.0 to 665.6.

Rauma-Repola, the engineering and forestry group, saw its ordinary restricted shares close unchanged at FM35.5 after it forecast a 25 per cent fall in 1989 pre-tax profits.

VIENNA resumed its upward course, with the bourse index rising 9.31 points to a record 659.07. Trading was active and the session was extended by 30 minutes to cope.

Spanish bolsa keeps the watchers waiting

Post-election caution and unsettled foreign markets are to blame, writes Tom Burns

AS GENERAL elections approached at the end of last October, analysts covering the Spanish markets decided to wait and see. More than three months later, they are still waiting and they do not much like what they see.

Economic growth, coupled with strong political leadership by the pragmatic socialist premier, Mr Felipe Gonzalez, saw the Madrid index more than treble in the two years to October, 1987.

Since that black Monday, it has underperformed the major European markets. As the 1990s opened, the economy looked decidely overheated and Mr Gonzalez's power base shaky. The bolsa remains relatively limp and caution is the watchword among the brokerage fraternity.

Mr Francesc Guardans, chief executive of Interdealers, believes that the prolonged period of waiting will continue until there is a new government, and as long as interest rates remain high.

Mr Frederick Artesani, director of Banesto, Lombardia and Lacaci's international department, concurs: "The short term is not encouraging and the medium term is not clear."

Foreign investors, who once generated the bolsa's bullishness, are now very shy. There has been a noticeable drop in confidence since the elections and there is a widespread feeling that, for all the Government's disavowals, the peseta may be devalued.

Mr Gonzalez emerged bruised from the fray. His outright majority was reduced to just one, and his decision to reappoint all the members of his outgoing cabinet has lent a caretaker air to the Government. A subsequent financial scandal involving members of the deputy prime minister's family has further knocked the premier's powerbase.

Mr Gonzalez's long-serving economy supremo, Mr Carlos Solchaga, appears determined to maintain high interest rates (the intervention rate is currently 14.5 per cent) and credit restrictions, for his primary battle is against domestic consumer spending. He also seems unflinching in his determination to keep the peseta in line with the D-Mark.

Mr Alvaro Villacieros, the chief executive of Iberagentes' international department, believes that this policy is working, and that interest rates could begin to drop at the end of March. He also believes that the peseta will remain high in spite of the growing chorus of complaints from Spanish exporters. Iberagentes judges that the peseta will only loosen its grip on the D-Mark's coat tails if the West German currency is revalued upwards.

In contrast, there are analysts who are especially cautious over the exchange rate as the Government negotiates wage agreements with unions and employers. One view is that the need to placate labour will lead to the corresponding concession to business of a weaker peseta.

There has been some relief that Spain's year-end inflation, hovering close to 7 per cent, represented a drop on the mid-year figure. But the uncertainty over the exchange rate stubbornly refuses to disappear, and it is the single most important component fuelling the present bolsa apathy.

The consequent low volume of trading in the opening month of the year has made the bolsa especially vulnerable to Wall Street and to Tokyo. Until these settle, the Spanish markets are not going to receive any new money and are expected to remain in the doldrums.

Should the medium-term prospects clarify in the coming weeks, the bolsa could recover some of its former attraction. It is still too early to indulge in bargain-hunting, but the potential is there and there are some companies, says Mr Artesani, that look "terribly cheap."

Mr Villacieros stresses that, while there is bad momentum at present, there is good value to be found in Spain. Corporate profits, after tax, and in spite of the credit squeeze, were up last year by 15 to 18 per cent.

AFTER A glimmer of hope, encapsulated in a 5.3 per cent rise in the general index to 291.35 in the six working days until last Tuesday, the Madrid bolsa has subsided again. Yesterday, it eased 8.12 to 288.47.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 7 1990						TUESDAY FEBRUARY 6 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	145.36	−2.4	126.61	127.33	−1.4	5.30	148.92	129.68	129.11	160.41	128.25	151.71
Austria (19)	245.70	−0.8	214.34	211.14	−1.1	1.28	247.58	215.80	213.44	247.58	92.84	94.90
Belgium (61)	149.67	−0.6	130.57	127.89	−0.6	4.35	150.53	131.09	128.63	160.02	125.58	133.61
Canada (120)	141.73	+0.0	123.64	122.45	+0.5	3.31	141.72	123.41	121.66	154.17	124.67	136.65
Denmark (36)	258.97	−0.7	225.92	225.42	−0.8	1.40	260.82	227.13	227.30	260.82	165.35	156.13
Finland (26)	151.67	−0.4	132.31	124.62	−0.5	2.41	152.29	132.61	125.20	159.16	118.63	142.41
France (125)	152.35	−0.9	132.90	134.50	−1.1	2.80	153.63	133.79	135.96	157.97	112.57	119.56
West Germany (96)	134.61	−1.7	117.43	115.78	−1.9	1.83	137.01	119.31	118.06	137.01	79.58	86.11
Hong Kong (46)	116.95	+1.8	102.05	117.28	+1.8	4.86	114.88	100.04	115.19	140.33	86.41	123.37
Ireland (17)	198.06	+0.3	172.80	174.39	+0.0	2.39	197.54	172.03	174.48	198.57	125.00	137.79
Italy (96)	98.46	−1.0	85.90	90.78	−1.0	2.53	99.47	86.63	91.71	102.11	74.97	79.30
Japan (455)	184.19	−0.9	160.68	169.35	−0.6	0.46	185.81	161.81	170.43	200.11	164.22	194.46
Malaysia (36)	243.87	+1.0	212.74	254.06	+1.1	2.11	241.57	210.36	251.20	243.87	143.35	158.06
Mexico (13)	364.09	−0.7	317.62	1085.96	−0.6	0.48	366.51	319.16	1092.96	371.93	153.32	164.37
Netherland (43)	138.21	−1.3	120.57	117.80	−1.4	4.57	140.06	121.96	119.54	145.66	110.63	114.12
New Zealand (18)	69.78	−2.6	60.87	62.40	−1.4	5.65	71.65	62.40	63.26	88.18	62.64	74.36
Norway (24)	238.12	+0.1	207.73	207.56	+0.2	1.32	237.90	207.17	207.14	238.12	139.92	159.54
Singapore (26)	197.26	−1.1	172.09	168.95	−0.9	1.72	199.38	173.62	170.53	199.38	124.57	141.75
South Africa (60)	248.57	−1.1	216.84	176.68	+0.5	3.15	251.39	218.92	175.84	251.39	115.35	127.85
Spain (43)	160.02	−0.3	139.60	130.20	−0.5	4.05	160.53	139.80	130.80	169.75	143.14	145.97
Sweden (35)	199.05	−0.9	173.65	178.87	−1.1	1.06	200.95	174.99	180.67	206.95	139.45	149.17
Switzerland (62)	96.87	−1.2	84.51	88.91	−1.0	2.02	98.04	85.38	89.76	99.12	67.81	76.51
United Kingdom (306)	159.93	−0.7	139.52	139.52	−0.5	4.53	161.09	140.28	140.28	164.31	133.28	152.54
USA (542)	135.00	+1.2	117.77	135.00	+1.2	3.50	133.39	116.16	133.39	140.29	112.13	121.56
Europe (989)	144.83	−1.0	126.34	125.88	−1.0	3.40	146.26	127.37	127.12	146.66	112.53	120.49
Nordic (121)	200.47	−0.7	174.88	170.08	−0.8	1.59	201.89	175.81	171.48	201.89	137.95	144.68
Pacific Basin (667)	180.28	−0.9	157.27	165.76	−0.8	0.73	181.88	158.39	166.79	194.72	160.44	189.95
Euro–Pacific (1656)	166.32	−0.9	145.09	149.88	−0.7	1.67	167.86	146.18	151.00	174.18	141.56	162.16
North America (662)	135.31	+1.1	118.04	134.21	+1.2	3.49	133.79	116.51	132.88	146.66	112.79	122.37
Europe Ex. UK (683)	134.16	−1.2	117.04	117.34	−1.3	2.66	135.73	118.20	118.84	135.73	98.30	100.78
Pacific Ex. Japan (212)	133.28	−1.0	116.27	120.83	−0.3	4.74	134.60	117.21	121.25	140.05	111.93	135.67
World Ex. US (1849)	166.37	−0.9	145.14	149.52	−0.7	1.74	167.67	146.19	150.56	173.77	141.49	160.94
World Ex. UK (2085)	153.60	−0.2	134.00	145.13	−0.1	2.05	153.93	134.05	145.24	162.00	136.96	145.06
World Ex. So. Af. (2331)	153.57	−0.3	133.97	144.32	−0.1	2.27	153.96	134.07	144.51	161.84	136.67	145.84
World Ex. Japan (1936)	140.19	+0.2	122.30	131.85	+0.2	3.50	139.97	121.89	131.55	145.52	114.51	122.34
The World Index (2391)	154.15	−0.3	134.47	144.56	−0.1	2.28	154.55	134.59	144.73	162.05	136.66	145.73

Prices for Finland & Sweden were not fully updated following problems at the exchanges.Latest prices were unavailable for this edition.
Constituent changes 8/2/90: Deletion: Holiday Corp. Insert: Promus (both US).

ACCOUNTANCY COLUMN

Profitability focuses minds on the right image

By David Waller

THE BIG accountancy firms suffer from what marketing professionals might describe as a "product and image differentiation problem." No matter how they strive to prove themselves distinctive and unique, the firms appear, to the great mass of the business public at least, to be offering similar services under different names.

Those who know the accountancy industry a little better might observe that such and such a firm is aggressive, that so and so is complacent, that this firm is on the ascendant, while another is sinking inexorably towards oblivion. But for all the ingenuity the firms have exhibited when assisting their clients with brand accounting, no one firm has come up with a market-leading brand of its own.

The whole process is compounded by the merger dance. Perhaps because the firms have given up trying to distinguish themselves on any criterion other than that of size, they are constantly trying to get bigger by merging with one another. In the process, venerable brand names are chewed up (Deloitte) or swallowed altogether (Whinney) and brand loyalties are inevitably given a sharp jolt.

The confusion over brand names perhaps reflects a confusion of strategy: in trying to be all things to all men, the firms appear to be unclear about what kind of business they want to do, for which clients, and why. To the outsider, whether a potential client or a financial journalist, the strategies appear loose and unfocused. It is no wonder then that image differentiation between the firms is so minimal. The firms are not sharply focused from a business point of view, and so the marketing image is fuzzy, too.

Ambitious, entrepreneurial accountants could consider breaking away to form a boutique: a Wasserstein Perella of the accounting world, serving only the very best and most profitable clients. Alternatively, a big firm could take it upon itself to drop all its small clients and all its unprofitable clients; to rid itself of all its unprofitable staff; to close down offices, and expel non-performing partners.

Among the bigger firms, Deloitte Haskins & Sells is notable for slimming itself down in the wake of its failure to merge with Price Waterhouse in 1984, and Arthur Andersen has closed down a number of offices in the UK. Hugh Aldous at Robson Rhodes makes great play of his "dross-drop" programme (which affects staff as well as clients) and David McDonnell is embarking on the herculean task of rationalising Grant Thorton.

Take the Deloitte example: it has shed £5m-£10m of unwanted turnover in the past five or six years, and 70 out of 260 partners have – in the words of managing partner Alan McFetrich – been "encouraged to depart." Over that period, the total number of partners expanded by 10 to 270, reflecting an infusion of new blood. The result must have been improved profitability and efficiency and it is a shame that the UK firm should have ended up the junior partner in the Coopers & Lybrand Deloitte merger.

Firms appear to be unclear about the kind of business they want to do

(Junior only because Deloitte came without the bulk of its international practice; a much better match would have been with Arthur Andersen, which would have appreciated Deloitte's impressive portfolio of blue-chip audit clients in the UK.)

The firm that will distinguish itself – in reality as much as in image – will be the one that can give unequivocal "yes" answers to the following three questions:

- Is the firm geared up to serve, and wholly committed to serving, the multinational client rather than the local or national client?

In practice, the partnership structure of the firms mitigates against any focus on the multinational client to the exclusion of the merely national or local. There is an inevitable tension between the aspirations, motivation and sophistication of partners in the regional offices of a big firm, and those in financial and business centres.

- Is the firm able to offer a proper cross-disciplinary service to the multinational client, uncomplicated by divisions between audit and other branches of the firm?

In practice, none of the firms appears to have come to sensible decisions about whether they are accountants who offer consultancy services, or consultants who happen to be auditors. They are all trying to do both, and struggling with the conflicts that arise.

The auditor, dull and worthy and steeped in professional ethics, is famously a different sort of chap from the free-wheeling consultant. The divisions are not simply cultural, though. The business dynamics of auditing, which is annuity-based, something of a commodity product, are different from those of the more capital-intensive consultancy practice.

- Has the firm resolved the tension between the desirability of having autonomous national firms and the need for control from the centre?

Here, most of the firms will answer yes, but for different reasons. Coopers and Peat Marwick McLintock would say that they encourage autonomy at the local level as it is better for morale and motivation. Conversely, Andersen would point to its one-firm-worldwide structure and Price Waterhouse would highlight its new pan-European practice. Yet not one of the firms is truly international in the way that corporations of a similar size could claim to be.

"These questions have been fudged by all the big firms," observed a former partner in one of them last week. "For most of the last decade, they have all enjoyed buoyant trading conditions across a whole range of disciplines. The question of priorities has just not been tackled. Every so often, a major external event – such as somebody else's merger – will galvanise the partners into a strategic rethink, but things soon slump back to normality."

In theory, those firms which have conducted a mega-merger will have a wonderful opportunity to sort themselves out once and for all. That certainly happened in the US after Peat Marwick absorbed Klynveld Main Goerdeler. In other, more recent, cases, one suspects that the difficulties are being swept under the carpet for the sake of a quiet life. Indeed, the administrative hassle of merging two big practices may serve to prevent managing partners from thinking about the important strategic questions.

A good solution, perhaps, would be for a firm such as Price Waterhouse to declare that it is not going to do any business for any but the top 100 companies in any one country. In the process, it could close all those peripheral offices, lop the staff in Hanson-like fashion, and discard those smallish companies that seemed so attractive back in the bull market but now cannot issue any shares.

In spite of Price Waterhouse's formidable client list, a combination of conservatism and loyalty to its client base will mean that it is unlikely to go down that route.

Price Waterhouse and its competitors may in the next decade be forced to rethink their priorities, and to act accordingly. The catalyst is unlikely to be a dramatic event such as the long-awaited schism between Andersen's auditing and consulting businesses but rather the steady pressure on firms' profitability as demand for their services declines. After a period when all the firms have expanded rapidly, perhaps over-expanded rapidly, that might be quite traumatic.

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* continual review of all management reporting systems
* assisting senior management in the evaluation of capital and business acquisition proposals and making recommendations thereon.

The successful candidate will be aged 25+, a newly/recently Qualified ACA/ACMA/ACCA, ideally with experience of dealing with public quoted companies. Essential personal qualities will include a disciplined approach, well developed interpersonal skills, as well as the adaptability and flexibility to *succeed within an informal but professional environment.*

Prospects with this International organisation are excellent. Interested candidates should submit their CVs to *Sajid Baloch MBA, at Michael Page Finance,* Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG, or telephone him on (0372) 375661. Fax (0372) 370101.

Michael Page Finance
International Recruitment Consultants

Nuclear Electric — GLOUCESTERSHIRE — to £40,000 + BENEFITS

Corporate Financial Accounting Manager

Nuclear Electric plc is developing a strong management team to drive the business forward into the next decade. Commercial awareness within public accountability will be critical to success in this demanding environment.

As part of that management team, you will have an important role in controlling and managing the financial accounting function. Key areas include accounting for liabilities crystallising many years ahead, the preparation of CCA accounts including asset valuation, reporting to both statutory and regulatory standards.

You will be a graduate qualified accountant, in your mid-thirties to mid-forties, with substantial experience in the financial accounting area. Your technical skills will have been developed within a large company environment, possibly in the engineering or oil sector. You must combine intellectual ability with strong managerial and communication skills.

There will be exceptional opportunities for rapid career advancement within this new business. The excellent package will include full relocation assistance if required.

Please send full personal and career details in confidence to Alison Lewis, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London *EC4M 7PL,* quoting reference 5359/FT on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

FINANCE DIRECTORS

Northern-Based Manufacturing Group

Our client is an internationally renowned, medium sized manufacturing group supplying high quality engineering products to a diverse range of industries. Operating from a number of sites worldwide and employing around 2,000 people, they are a market leader in each one of their specialist fields.

Ownership of the group has recently changed, accompanied by an injection of capital, new senior management and ambitious development plans for the future. A radical re-organisation is to follow, with the formation of more autonomous subsidiary companies to provide stronger market focus and management control of each of the principal businesses.

The new emphasis on performance and the proposed decentralisation of the accounting function creates the need for a *Group Financial Director together with Finance Directors for a number of the group's subsidiaries.* Aged 30 to 45, candidates for all these positions will be operations-orientated accountants able to demonstrate a highly successful track record in a financially demanding environment. They will have broad financial management skills that must *include in-depth experience of standard and contract costing in low volume engineering batch manufacture,* implementation of computer-based accounting systems and tight-ship management of cash.

GROUP FINANCIAL DIRECTOR

c.£60,000 Package + Car + Attractive Share Options + Executive Benefits

Our client is seeking a 'hands-on' leader who is capable of contributing directly to the profit and cash performance of the group as well as ensuring that management receive the highest quality financial information.

Initially you will be responsible for setting-up the new accounting infra-structure including a total overhaul of systems and the creation of new streamlined departments. Involvement longer-term will centre on the coaching of these new financial teams, supporting business development activities and treasury management.

This represents an exceptional opportunity to become part of a high calibre management team at the start of its restructuring process, offering enormous potential for the future. The salary and benefits package is flexible to attract candidates of the very highest calibre. Ref: 90/3737FT

FINANCE DIRECTORS

£35,000 - £45,000 Package + Car + Excellent Benefits

The newly strengthened subsidiaries are likely to have turnovers in the range of £10 to £30 million. As part of the senior management team of one of these you will have 'hands-on' responsibility for running an efficient finance and administration function, controlling cash and providing timely and accurate management information.

Initially you will work with the Group Financial Director in setting-up the new accounting infra-structure for the subsidiary, embracing systems and personnel. Operational reviews and business strategy will form key additional *areas of responsibility.*

The positions will be extremely demanding, offering real commercial exposure and an exciting long term future with a rapidly developing group. Ref: 90/3738FT

For further information, please write to *Russell Dawson* BSc (Hons) ACA, quoting the appropriate reference number, at Daniels Bates Partnership Ltd., Joseph's Well, Hanover Walk, Park Lane, Leeds LS3 1AB or telephone him on (0532) 461671.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Leeds (0532) 461671 · Grimsby (0472) 251180 · Sheffield (0742) 754015 · Cardiff (0222) 225512 · Manchester (061) 835 3311 · York (0904) 612615 · Nottingham (0602) 483321 · Darlington (0325) 485992 · Middlesbrough (0642) 248111 · Aylesbury (0296) 393040 · Hull (0482) 26382

COMPLIANCE AUDIT OFFICER

Central London — c.£30,000 + car

Our client is a major life assurance and financial services group.

Along with its direct sales arm made up of 250 salesmen, it has 94 appointed representatives who, through their respective *sales forces, market the group's products* throughout the UK. Being a fully authorised member of LAUTRO the company holds *full responsibility for the selling activities of* its appointed representatives and it must, therefore, ensure that the sales force is *acting in accordance with the LAUTRO* rules at all times.

Their current requirement is for a Compliance Audit Officer whose role will bring accountancy skills to bear on the compliance function. This will involve carrying out regular visits and spot checks on appointed representatives and sales branches throughout the UK and could, therefore, involve a good deal of travel. Above and beyond these duties, a major portion of the job would involve monitoring and managing compliance throughout the entire group, including companies regulated by IMRO.

Successful candidates may be qualified or part-qualified accountants or experienced *individuals who can demonstrate a proven* track record in audit work for an accountancy firm or financial institution. *A background in compliance would be* useful but this is by no means essential as "on the job" training will be given. This is a proactive position where innovation and creativity would be positively encouraged and rewarded.

Interested? Please 'phone Anna Ponton on 01-236 8000, or write to her enclosing full career details, quoting reference T2509.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Financial Controller

Media Industry c£33,000 + Car

Our client is an ambitious and dynamic independent production company with major interests in television and all its ancillary activities. Formed in the early 80s, the group has quickly established a reputation for quality and innovation. The imminent expansion of television channels will provide exciting opportunities for the future, including the new franchises for Channel 3 (ITV) and Channel 5, for which the company is interested in preparing a bid.

They now seek to complement the executive team with the appointment of a Financial Controller. Reporting to the Managing Director, responsibilities will encompass the full range of finance, accounting and IT activities. A significant contribution to the commercial direction of the business will be expected at this crucial stage in the group's development.

Candidates will be qualified Accountants, who can combine solid technical expertise with a practical approach to the commercial realities of business. Strong interpersonal skills and a team orientated management style are also important, as well as the ability to progress to full Board appointment.

Interested applicants should apply to Mark Hurley BSc(Hons), ACMA, quoting ref: 663, at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ or telephone 061-228 0396.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Manager UK Taxes

£45,000 + Car + Golden Hello

Based in the South East, our client is an internationally represented manufacturing group with a highly sophisticated and successful product range. With 1992 in mind, it has recently undergone substantial strategic reorganisations which together with a number of significant acquisitions has created a competitive and highly dynamic organisation.

As a result of this expansion, they now seek to recruit an individual to assume a new proactive role within the head office finance function. This high profile role will encompass a wide variety of managerial and advisory work including the following:

* corporation tax;
* treasury transactions;
* acquisitions and disposals;
* financing and deal structuring.

Candidates will be in their late twenties/early thirties with an accounting or business qualification and have a minimum of four years' tax experience.

You must have an incisive, practical mind, and a communicative personality. The role's considerable autonomy and visibility will demand highly developed management skills. Career prospects are excellent for high calibre individuals with drive and aggression.

The company has an excellent reputation as an employer and will offer a highly competitive salary for the right individual. Relocation assistance will be provided where appropriate.

For further information regarding this outstanding opportunity, contact Graham King on 01-831 2000 (evenings/weekends on 01-226 4557) or write to him at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

Michael Page Taxation
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

GENERAL SIGNAL
SEMICONDUCTOR EQUIPMENT GROUP EUROPE

UK FINANCE MANAGER

Basingstoke c.£30,000 + car

This key Division of the £2bn General Signal Corporation, is seeking a young ambitious accountant to head up the finance function for the UK. The national company (c£16m T/O) coordinates several specialized businesses primarily selling high ticket equipment and after sales support into the high technology sector. It is profitable and growing.

The Finance Manager provides management information both for the UK business and the parent company, working to UK and US accounting principles. Treasury and forex management also fall in the brief. He/she will control 10 staff and play a major role in business management, liaising closely with the European FC. Computerised systems are well established on an HP 3000 network.

The position thus requires a business minded, computer literate accountant with around three years post qualification experience. There will be some travel to the US and Europe.

To apply, please send a C.V., noting current salary, to Mike Smith ref. ACW/2.

KPMG Peat Marwick McLintock
Executive Selection and Search
Abbots House, Abbey Street, Reading, Berkshire RG1 3BD

Financial Controller
(Director Designate)

To £35,000 + car + equity scheme
North Hampshire

Our client is a shopfitting company which has recently been the subject of a management buyout. Turnover in 1990 is expected to be in the region of £23 million. The company has many well known retail chains amongst its customers. Recognising the importance of a strong finance function the company now wishes to recruit an experienced accountant as financial controller.

You will be expected to take full day to day responsibility for running the finance department and will be instrumental in setting up financial procedures throughout the company. You will also be expected to produce timely and meaningful management accounts, annual financial accounts and other financial information and to make an effective contribution to top management decision-making.

You should be a qualified accountant aged 28-35, with at least three years experience at chief management accountant or chief financial accountant level.

*You should have the communica*tion skills required to explain financial disciplines and results to people throughout the company. You will also be the point of contact for external bodies such as financial institutions, bankers and lawyers.

The remuneration package, includes a company car, equity participation scheme after a qualifying period, private health and pension scheme. To apply, please write, quoting reference 01/90, enclosing your curriculum vitae and salary details to Martin Rist
Executive Selection Division
Price Waterhouse
Management Consultants
The Quay, 30 Channel Way
Ocean Village
Southampton S01 1XF

Price Waterhouse

COMMERCIAL MANAGER/ FINANCIAL CONTROLLER

North West *To £30,000 + Car + Bonus*

Our client is a privately owned £6M turnover company engaged in the import and distribution of industrial equipment for a specialist niche market.

Well established, and with distribution points throughout the UK, the company is now poised for rapid expansion by further penetration of current markets along with thoroughly researched diversification plans.

The company is driven by a dynamic and ambitious Managing Director who now seeks a right-hand person not only to assume full control of all financial matters but also to take responsibility for the general management of the head office based in the North West.

The role will include the supervision of a staff of thirty covering warehousing, distribution, stocktaking, sales and accounts. *This key individual will be* expected to make a commercial contribution to all areas of the business and make considerable impact on bottom-line profitability.

In order to be considered for this highly attractive and unique position you will be a Qualified Accountant and likely to be aged between 30 and 40.

You will describe yourself as "hands-on", commercial, adaptable and highly motivated.

You will possess the strength of personality not only to take on the considerable management and staff responsibility but also to challenge and develop Board level decisions and to play a truly pro-active part in the future growth of the company.

This opportunity is highly demanding and challenging. The package and prospects available to the selected candidate fully reflect the importance attached to recruiting a first class business manager.

Interested candidates should send a full curriculum vitae to Alison Hill, Stark Brooks Associates, 2nd *Floor, St. James's Buildings, Oxford Street,* Manchester, M1 6FQ or telephone her on 061 236 1212.

STARK BROOKS ASSOCIATES
MANCHESTER ◆ LEEDS
Accountancy Recruitment Consultants

bec

BUILDING EMPLOYERS CONFEDERATION

TAXATION ADVISOR

to the Construction Industry

The construction industry currently accounts for 10% of National Gross Domestic Product. The UK and EC taxation implications of this scale of activity are enormous. They call for the highest skills, both in representing the industry at Senior Government and European level and in interpreting the effect of fiscal policy upon the UK construction sector.

This vital and prestigious brief has been the responsibility of John Ray for many years but he is to retire later this year. We are therefore seeking to appoint his successor who will play a key role in the development of a strategy aimed at promoting the views and interests of the Construction Industry. This will involve guiding the formulation of BEC Taxation Policy and co-ordinating the broader interests of the whole industry through Secretaryship of the Construction Industry Joint Taxation Committee. The duties will include advising BEC members.

Candidates for the post should have broad experience in all areas of business taxation – both direct and indirect – together with a good understanding of tax law and practice. Experience of taxation in the construction/property sectors would be an advantage. The successful applicant is likely to have an appropriate accountancy or legal qualification.

This is a senior level appointment, and the remuneration package will reflect this. If you feel that you have the necessary qualities and experience, contact:

Barry Stephens
Director of Personnel
Building Employers Confederation
92 New Cavendish Street
London W1M 8AD
Tel: 01-580 5588

ALPS ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3576 Telex No. 887374

Excellent promotion prospects within this fast expanding group – either in the UK or overseas

DEPUTY GROUP CHIEF ACCOUNTANT

CENTRAL LONDON **£40,000-£45,000 + bonus, share options and car**

MAJOR INTERNATIONAL DIVERSIFIED GROUP – T/O IN EXCESS OF £1 BILLION

For this key new appointment, we invite applications from qualified accountants, (ACA, ACCA), in their 30s, who must have had at least 5 years post-qualification experience, including 2 years in financial accounting or international audit within a major commercial/industrial group. The successful candidate, reporting to the Group Chief Accountant, will be responsible for co-ordinating the consolidations of financial/statutory reporting from operations in Europe, USA, Far East and Near East, covering over 100 companies. Up to 30% away travel will be necessary. There will also be ad hoc projects, eg working as part of a team investigating (and intergrating) acquisitions world-wide. Essential qualities include the ability to communicate effectively and easily with international subsidiaries, with a sense of humour in a pressurised and autonomous role. Initial salary negotiable £40,000-£45,000, plus discretionary bonus, share options, car, non-contributory pension, free life assurance, free BUPA and assistance with removal expenses if necessary. Applications, in strict confidence under reference DGCA 199/FT, by telephone on 01-588 3114 (daytime) or in writing, to the Managing Director: ALPS.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.
TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

JOHN ASPINALL PLC

Major sporting events specialists require a well qualified bookeeper.

Please contact:
The Secretary,
John Aspinall PLC.
Tel: 01-259 6473

A CONTROLLERSHIP FOR A QUALIFIED ACCOUNTANT

Regency

Our client, **Regency Film Services Limited**, an autonomous subsidiary within a **substantial privately owned group**, provides a **recognised high quality photographic development service** to retail customers. The company employs about **220** and turns over in excess of £7m.

The company now seeks a **25-38 year old qualified accountant** to report to the Board as **Financial Controller**. Broad financial and management accounting experience in **high volume processed throughput is essential.**

Enfield
Salary negotiable + car

To an excellent package can be added the **opportunity for an early Board appointment.**

Candidates, male or female, please write to David T Bentley, Recruitment Manager, 3i Consultants Limited, 3 The Billings, Walnut Tree Close, Guildford GU1 4UL, or phone 0483 300838 (24 hours), for details and an application form, quoting Ref: DB/885.

3i Consultants Ltd

A WEALTH OF EXPERIENCE

هكذا من الأصل

Finance Director (Designate)

SEARCH AND SELECTION

Gloucestershire

c£32,000 + car + benefits

Our client is a £45 million turnover business providing a comprehensive logistics and maintenance service on a worldwide basis. Markets are in hi-tech electronics for military and civil aerospace industry and the organisation is part of a world leader in this area.

Reporting to the Managing Director of the division, the appointee will be closely involved in the strategic management of the business. Particular responsibilities will include all financial management information, involvement in commercial and contract policy, credit control, cash management and systems development. A team of four report direct with dotted line accountability for the overseas subsidiaries. A limited amount of international travel will be required.

Candidates will be qualified accountants aged 30-50. Aerospace industry experience would be an advantage but other areas could include hi-tech engineering and manufacturing. Knowledge of contracts including MoD and DoD would be particularly beneficial as would previous multicurrency work. Personal traits will include commercial acumen, drive and determination, negotiation and persuasion skills, analytical ability, initiative and the desire to be involved in a lean, non-bureaucratic and autonomous business.

Please reply in confidence to Brendan Keelan Ref ER 221, adviser to our client, giving concise career, salary and personal details at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

UNITED INTERNATIONAL PICTURES

DIRECTOR - CORPORATE AUDIT

£38,000 + Car

West London

United International Pictures, a leading international film distribution Group, is owned jointly by Paramount Pictures, MGM-UA and Universal Studios. Distributing through 45 worldwide subsidiaries and a number of agencies, the company is a pre-eminent force in film marketing and distribution outside the US market, with a turnover measured in hundreds of millions of dollars. Due to internal promotion a senior financial executive is required for a highly visible role.

The Director - Corporate Audit will take over an established team, planning and co-ordinating audits and special projects worldwide, leading to the issuing of final reports and following up on audit recommendations. The work of the department is operationally orientated, providing meaningful management support, which is particularly essential as the company penetrates new markets. Reporting to the Senior Vice-President - Finance and Administration on a day-to-day basis, the role is a proven route for promotion to senior financial line management.

Candidates will be qualified Accountants (probably ACA), aged late 20's to mid 30's with developed audit skills and the ability to lead and motivate others. Excellent communication skills are essential, as are enthusiasm and initiative: ability in a European language would be advantageous.

Please apply directly to Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545 or evenings on 01-485 1356. Alternatively, fax your details on 01-836 4942.

Financial Recruitment Specialists
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RH ROBERT HALF LONDON

You could feel like a different Auditor every day.

Variety is just part of the routine at Bass PLC. Our Group Internal Audit Function plays an important part in one of the most diverse, and most successful, leisure Groups in the UK. Which is why you'll find yourself dealing at senior level across the whole spectrum of our operating companies – from a countrywide brewing operation to a major international hotel group, from a leading name in the soft drinks market to one of the UK's biggest bookmaking operations.

Management Auditors £17K – £24K + car

An unparalleled opportunity to gain insight into operations within several major companies. You'll be required to carry out reviews of management and operational controls at Group, divisional and operating company level. This will include the examination of executive controls used to ensure strategic plans and policies are achieved. You'll need considerable commercial awareness in both financial and non financial areas; be qualified (ACA, ACCA, ACMA or MIIA), and have the business acumen required to operate at a high level).

Computer Auditors £17K – £22K + car

In assessing our extensive systems, you'll have a rare view of an organisation that encompasses a diversity of successful businesses. With at least 4 years' computer experience, you'll have considerable commercial awareness and be able to move between all our areas of activity, and maintain credibility at senior level.

Both positions entail some travel, as well as unique access into the working of Bass PLC's divisions and methods of formulating and actioning its strategies. You'll receive the excellent rewards package you'd expect from a leading UK organisation, including an excellent salary, commensurate with experience, company car and a wide range of benefits.

Write with full career details to Mr. P. Tomkins, HQ Personnel Manager, Bass PLC, 137 High Street, Burton-on-Trent, Staffs DE14 1JZ.

Bass
Public Limited Company

EVODE GROUP p.l.c.

DIVISIONAL DIRECTOR OF FINANCE

c.£35,000+Executive Benefits West Midlands

Evode Group plc is a substantial and profitable Group consistently achieving high levels of both technological and financial performance. Its Industrial Coatings Division, with a turnover both in the UK and overseas of £60m, is a key player within the Group and perceived as a major contributor to ongoing growth.

The Division's management comprises a first-rate team of high calibre, ambitious specialists, with a strong commitment to future profitable expansion to achieve the objective of becoming a leading world business in the Industrial Coatings field. To join such a team, as Divisional Director of Finance, the selected candidate will be required to demonstrate excellent technical accounting abilities, combined with a well-developed level of commercial acumen.

As a qualified Accountant, you will have operated in senior roles within a manufacturing Group and be well versed in people management and communication skills. Your main responsibilities will include overall financial control of Divisional Companies and the provision of financial advice and support to the Divisional Managing Director in the assessment and development of profitable growth, including potential acquisitions worldwide.

If you feel you can meet, and exceed, the demands of this most challenging post, then please send a curriculum vitae, with full career and salary history details quoting reference B/265/90 to Louisa Chapman.

KPMG Peat Marwick McLintock
Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL

International Investment Bank

AUDIT MANAGER

London

to £50,000 + bonus, mortgage subsidy & car

Ranked amongst the world's foremost international investment and financial services houses, our client has an impressive record. Providing a full range of investment banking services, the company is committed to its markets and will continue to prosper.

As one of two managers in the company's highly regarded audit department, the successful applicant will plan, manage and complete projects. Providing an internal management consultancy resource rather than acting as a conventional audit function, the department carries out projects throughout the company's business areas, both in UK and Europe. Projects including the review of new products and the evaluation of systems developments and new technology will provide continuing exposure to senior management.

In their early to mid 30s, applicants should be qualified chartered accountants with at least 2 years computer audit experience. They ideally will be at senior manager level in a major professional practice or already working in the financial services sector.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/896/F.

A challenging opportunity in a major Charity

Financial Controller

Barbican **to £33,000 + car**

MENCAP

MENCAP exists to support children and adults with a mental handicap. It needs to be professional and efficient in an increasingly competitive market place. With annual turnover of £20m, MENCAP is a substantial and growing organisation: 280 residential homes (1600 residents), employment schemes, leisure and other activities. It runs trading companies to supplement its income. 7 regional divisions support 550 local societies and employ 2,000 people.

The Finance Director, a CA, to whom you will be responsible, needs to focus on funding and financial policy. The person appointed to this new post will be expected to organise and manage a department of 30 staff and develop the finance/accounting functions and computer systems. Early priorities are enhancing MIS and setting up internal audit.

You will be a graduate calibre qualified accountant with substantial experience of managing a growing department. You will be willing to take responsibility, organised in your approach, analytical, energetic and have first class interpersonal skills.

In addition to a competitive salary, the remuneration package includes car, pension and 5 weeks annual leave. Career prospects are excellent. We can't put a price on the satisfaction of doing a really worthwhile job.

Please write in confidence giving full educational, career and salary history, quoting reference 1619 to Barbara Robertson MIMC, or call her on 01-583 3303.

BDO BINDER HAMLYN

BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

FINANCIAL CONTROLLER

Property development
London
c. £50,000 + executive benefits

BACKED BY THE resources of one of the world's leading investment and property development companies, and benefiting from existing substantial interests in Europe, this newly-formed UK subsidiary has exciting plans for rapid, profitable growth. A key member of the executive team and contributing significantly to corporate strategies, the Financial Controller's wide responsibilities will encompass all areas of operating and project finance including spearheading the planned public flotation.

An FCA or equivalent, you will have at least 5 years' experience of heading the finance and treasury functions of a company involved in major investments. Your broadly-based background will ideally include legal, investment structuring and/or Company Secretariat experience and you will be well versed in dealing with the City. You will thrive on the autonomy and responsibility of a small dynamic environment, be computer literate, and knowledgeable in overseas accounting practices. Experience in property development could be useful. Career prospects are excellent.

To apply, please send cv, in confidence, to Mike Stockford, Ref: 3797/MS/FT.
PA Consulting Group, Hyde Park House,
60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage
Executive Recruitment · Human Resource Consultancy · Advertising and Communications

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Finance Director — International Development

NORTHANTS c£35,000 + Bonus + Car

An innovative, young group, our client is the European market leader in its sector of the food industry, manufacturing and selling in the UK and Europe, and sourcing raw materials on a world-wide basis. Recent acquisitions have doubled the company's size and further growth, culminating in flotation, is planned through:

- diversification and acquisitions in the UK;
- expansion throughout Europe and the Far East;
- an aggressive R & D programme of new product development.

Reporting to the Chairman, you will be a vital member of the board with responsibility for:

- developing and implementing corporate and financial policies and plans;
- financial and administrative affairs of the group;
- dealing with professional advisors;
- international tax planning and cash management;
- functional control of local accounting.

Aged to mid 30's, ambitious and qualified, dealing on an international scale with auditors and other experts will not be new to you. From the profession or industry, you have a self starting, hands-on approach and tough, results oriented style. The role demands extensive travel, so proficiency in German or French, whilst not essential, would be useful.

Earnings as indicated; benefits include generous performance related bonus and executive car. Relocation assistance is available, if required.

Please write, with full career details to: Peter Thomas, Ref 24250, MSL International, Centre-City Tower, 7 Hill Street, Birmingham B5 4UA, or telephone 021-643 6234 for an informal preliminary discussion.

MSL International

An Outstanding Opportunity to Lead Commercial Development

ENTREPRENEURIAL ENVIRONMENT SEEKS DYNAMIC FINANCIAL CONTROLLER

Halifax — **£28-32,000pa package plus car**

This is a rare opportunity for the young commercially-minded Accountant to apply both technical skills and personal qualities to an entrepreneurial environment. As Financial Controller of a Group of 6 innovative companies who are each specialists in their own hi-tech field (and where there is substantial growth potential), you will be responsible for:

- All aspects of financial control and reporting for the 6 companies
- The strategic review of the Group's business
- *Positive change and development of* business directions: financial controls, systems and reporting, and finance staff.

The above will demand high visibility and constant exposure to Senior Management both at Company and Group level. In addition, a real 'hands-on' approach is essential and you will need to demonstrate the flexibility, maturity and interpersonal qualities to:

- Analyse and satisfy the Group Financial Control requirement both at strategic/overview level and at an operating/'hands-on' level
- Balance the business requirements of the individual companies with the overall strategic requirements of the Group
- Diplomatically direct the Group to a high standard of technical and commercial discipline.

The Group has a combined turnover of c£5m and is backed by a subsidiary of a large blue-chip Financial Services Organisation. A variety of promotional opportunities will be available for the individual who can rise to the above challenge.

If you feel that you can match these demands and develop the role please contact Karen Wilson BA, ACMA on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

FMS

Search and Selection Specialists for Financial Management

NORTHERN HOME COUNTIES — c.£40,000 + BENEFITS

General Manager-Finance

Our client is a UK market leader in the sale and distribution of capital equipment. With over 300 employees spread throughout the UK, it is an autonomous company within a major multi-national manufacturing business. The company has achieved its prominence by combining prestigious products with high quality support services.

As a key member of the management team the General Manager – Finance will work closely with, and deputise for, the Managing Director. You will contribute significantly *to the business management of the company, including* strategic planning. Key responsibilities will include: financial planning and forecasting; statutory, financial and management accounting; external relationships; and taxation.

Aged between 35 and 45, you will be a qualified Chartered Accountant, with significant financial management experience, ideally gained in a sales-led *organisation. You will possess good business acumen* together with an energetic, strong personality. An effective team-player and communicator, you will also have good computer and analytical skills. Relocation finance is available.

Please send full personal and career details, including *daytime telephone number, in strict confidence* to Mark Spickett, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London EC4M 7PL quoting reference 5360/FT on both envelope and letter.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

Coopers & Lybrand Deloitte | Executive Resourcing

Food Industry

FINANCE DIRECTOR

EAST ANGLIA

c£35K + bonus, car and benefits including relocation

A major international brand leading organisation, our Client is currently involved in a *significant programme of acquisition and expansion.*

They now require a proactive commercially aware qualified accountant to join the senior management team of an autonomous subsidiary company.

Reporting to the Managing Director, you will be responsible for all aspects of financial management and will have a major input into the commercial decisions of the business.

Aged 30-45, you will have a broad financial background which will include experience of both financial and management accounting, ideally gained in the food manufacturing industry. Additionally you will have a strong personality, be able to operate in a fast moving environment and to use your commercial, technical and personal skills to influence the Company's continued success.

Please apply in writing enclosing a c.v. and quoting reference number JJL/2778/FT to Jill Lye, Illingworth and Associates, Executive Search and Selection Consultants, The Courtyard, 24 High Street, Hungerford, Berkshire, RG17 0NF. Tel: (0488) 83881. Fax: (0488) 82147.

Illingworth

MANAGEMENT CONSULTANTS

FINANCIAL CONTROLLER

Fashion

London — c£35,000 + Car

This young and dynamic company, a wholly owned subsidiary of a major US fashion orientated corporation, is enjoying considerable success within this highly competitive industry, and is now poised for rapid expansion. *As a result of this growth, there is now an immediate* requirement for a Financial Controller to join the senior management team.

Reporting to the UK General Manager, the principle responsibilities will comprise the co-ordination and management of a small finance team. *This will include all aspects of timely financial and management* reporting, business planning and systems development.

The Financial Controller will also be expected to provide the General Manager with financial advice in the areas of sales and marketing.

The successful candidate will be a qualified accountant aged between 28 and 35, either working in practice or a commercial environment. A practical and mature approach to business issues, and the enthusiasm and *ability to contribute to a small and highly committed team,* are essential pre-requisites.

The package will include a generous base salary, car, pension, private medical insurance and a generous bonus scheme.

Interested applicants should telephone Giles Daubeney on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

ACCOUNTANT

General Practice/ Corporate Finance

Central London — **£30-35K**

Our client is a small professional firm with four Partners and operates out of prestigious West End offices. Development of its corporate finance activities has created a need for another qualified accountant to join the team.

Reporting to the Managing Partner, your prime responsibility will be to continue this development, but you will also take part in the general practice work of the Partnership.

In your late 20's/early 30's and qualified to at least ACA, you should possess good all round professional skills gained preferably with a large practice. You will be dealing with a wide variety of clients, and your communication skills will therefore be exceptional.

Your rewards will be an excellent salary package and the opportunity to progress quickly in a stimulating environment. Partnership status will be achieved on personal merit within a realistic timescale.

Please write, enclosing a full CV and details of your current remuneration, to John Goodwin,

PORTLAND Executive Selection

104 Great Portland Street, London W1N 5PE
Fax: 01-436 8978

Commercially Astute Financial Manager

Substantial Tax-Free Salary

Middle East

A major British organisation with a wide range of joint venture interests in the Middle East has set up a small investment unit to identify and evaluate new development projects and to monitor the financial performance of existing businesses in the region.

A commercially aware and self-reliant Accountant is needed to set up the necessary accounting procedures and to control all aspects of the financial management of these joint venture companies. In addition to the close monitoring and support of newly established businesses, a key task will be the financial evaluation and appraisal of new concepts.

A qualified Accountant and a graduate, you will have a proven record at senior level in a business environment. A background in economics and/or management consultancy would be relevent and you will certainly have successful "start up" or "turn round" experience.

Equally important is your personality. You must be diplomatic, confident and a top-class presenter and negotiator. Previous overseas work experience would be a plus factor. You must speak or be willing to learn Arabic.

You will be expected to handle this challenging role for a period of around 3 years before returning to the UK as a senior member of the company's financial management.

A substantial tax-free salary is offered with excellent married accommodation and a full range of benefits.

Please contact Pam James, LINK Management Selection, 20 Winckley Square, Preston PR1 3JJ. Tel: 0772 53300.

LINK

Assistant Financial Controller

Highly negotiable salary package

London

River & Mercantile Investment Management is an independent investment company specialising in the management of split capital investment trusts. Owing to rapid growth of the business and current expansion plans, a position has arisen for a qualified financial accountant with some 2—3 years post qualification experience. The ideal candidate will be responsible for the accounting function of two investment trust companies, which includes the preparation of monthly financial reports for the Board, interim and final accounts, VAT and corporation tax returns. He or she must be computer literate and a background in financial services with exposure to compliance and corporate transactions would be an advantage. The salary package is highly negotiable depending on age and experience. Please apply with full career details in confidence to: The Managing Director, River & Mercantile Investment Management Limited, 7 Lincoln's Inn Fields, London WC2A 3BP. Tel: 01-405 7722.

River&Mercantile
Investment Management
Limited

ACCOUNTANT

We are looking for a dynamic chartered or certified accountant for a rapidly expanding travel company.

Please send cv to
45 The Broadway
Bexleyheath
Kent.

Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

InterExec not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job.

InterMex maintains a unique data base of some 6,000 unadvertised vacancies per annum, providing the only confidential Inplacement™ Service.

If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

InterExec Plc
Landseer House, 19 Charing Cross Road, LONDON WC2H 0ES.

The service offered by InterMex is free and can be used independently of the Counselling Service.

InterExec Plc

Senior Financial Managers

Finance Director

Major Industrial Group

c. £80,000 — Rural Yorkshire

An exceptional commercial Accountant with outstanding City skills to take the financial helm of a large, successful and dynamic group of companies.

THE COMPANY

◇ Diversified international group. Principal interests in construction equipment and transportation.
◇ Turnover from £30m to near £200m in five years. Successful financial performance and strong market position.
◇ Commitment to profitable growth and strong financial discipline.

THE POSITION

◇ Main group board member reporting to Chairman and CEO.
◇ Full responsibility for financial management throughout the group. Key task to enhance financial controls.
◇ Strong emphasis on developing relations with financial institutions.

QUALIFICATIONS

◇ Graduate calibre accountant, preferably aged 35-45, with top level experience of rapid growth business.
◇ Demonstrable skill at handling City and financial institutions, ideally learnt with major Plc.
◇ Commercially orientated with drive, energy and personal presence.

Please reply in writing, enclosing full cv,
Reference BJ0522
NBS, Bennetts Court, 6 Bennetts Hill, Birmingham, B2 5ST

S N.B. SELECTION LTD N

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SLOUGH • 0753 694944 • HONG KONG • (HK) 5 217135

GROUP FINANCIAL CONTROLLER

FMCG

North West London — **Aged 30-40** — **c£38,000 + Equity + Car**

Our client is a young but already substantial organisation within the food manufacturing and catering sector, with currently a dozen outlets and its own manufacturing facility.

To create, and then head-up, the finance department, there is an immediate need for a Group Financial Controller to join the Senior Management team.

Reporting directly to a demanding Chairman, the role will encompass all aspects of the finance function, *with special emphasis* on implementing a new computer system and tight cash-auditing, stock and budgetary controls.

The ideal candidate will be a commercially minded Qualified Accountant with imagination, entrepreneurial skill and extensive retail exposure, with food experience being a distinct advantage.

In addition to the quoted salary, full executive benefits commensurate with the position will be offered.

A main board appointment to Finance Director, with equity participation, is envisaged in the short term. Progression will be limited only by individual ability.

Interested applicants should telephone Jonathan Cohen on 01-437 0464, or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Financial Controller

Pharmaceuticals

S. Manchester — **circa £25,000 + Car**

SANOFI is the U.K. subsidiary of a large European company, active in the fields of human and animal healthcare, bio-active chemicals, perfumes and fragrances, with *current UK sales in excess of £40m.*

As a result of reorganisation we now seek a Financial Controller for our Pharmaceutical Division based in Manchester. Reporting to the Finance Director you will be responsible for providing a full accounting service to the Division in the U.K. and will be required *to work closely with HQ staff both in* Manchester and Paris.

This is a senior appointment within the organisation and would be suitable for a qualified accountant aged between 28-35, with at least 5 years' industrial experience working in a growth environment. Strong technical and interpersonal skills coupled with a high *level of computer literacy are essential.* Multinational pharmaceutical experience is highly desirable as would be the ability to communicate in French.

In addition to the salary indicated, a car and the usual benefits associated with a large company are offered, including relocation costs where necessary.

Please write, enclosing full personal and career details, to Laura White, Personnel Manager, Sanofi U.K. Ltd., Floats Road, Wythenshawe, Manchester M23 9NF.

sanofi UK LTD
YOUR LIFE TODAY AND TOMORROW

FINANCIAL DIRECTOR

To £40,000 + Car + Bonus + Benefits

N. Hants

Committed to Research and Development and with a reputation for manufacturing quality products this successful Group continues to expand internationally.

Reporting to the Managing Director and responsible for the Financial and Administrative function, you will be supervising a small professional team. Responsibilities embrace supervision of computer development, preparation of operating and capital budgets, forecasting, project management and control over financial and management accounting.

Candidates will be qualified Accountants aged over 35, with substantial experience as a Financial Controller or Director in a medium to large industrial organisation. Previous involvement in systems installations, together with practical experience of manufacturing costing systems are essential. Personal qualities should include a high degree of self-motivation together with a logical problem-solving approach and developed management skills. The position offers considerable international exposure at Board level.

Please contact Richard Carter directly on Southampton 0703 233131, or evenings on 0344 885911, or write to him at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks. SL4 1YY. Telephone: 0753 857777. Alternatively, fax your details on 0753 841676.

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ROBERT HALF
SOUTHAMPTON

A Finance Manager with business acumen

South Midlands — **c£35,000 + car**

Our client needs a Finance Manager to join the Executive Management Team of one of their subsidiaries — where you'll need to ask questions and give answers on a breadth of business issues.

Success in their quality sector of the automotive market is based on impressive products, innovative engineering design and creative marketing policies. Growth plans for the subsidiary are impressive — so your challenges will also include sound financial control and positive management of the computerised accounts department.

The position reports directly to the Main Board of the parent Group of Companies and there will also be considerable contact with the Group Finance Director.

Joining won't be easy. You'll need to be a qualified Accountant with a manufacturing background — ideally from the automotive manufacturing or parts sector. Related areas such as aerospace would also be an advantage.

Probably aged 27-40, your personal skills must impress. Career prospects within the Group are *excellent and benefits* include B.U.P.A. and relocation. Interested in asking questions? Then send full details to:

A.L. Bott,
Managing Director,
Anderson Smith Management Personnel Ltd.,
50 Bridge Street, Northampton NN1 1PA.
Tel: 0604 34365 (24 hour answering service)

Anderson Smith
RECRUITMENT, SELECTION & SEARCH
LONDON, NOTTINGHAM, NORTHAMPTON
AS

should start asking questions

FINANCIAL CONTROLLER

Central London
to £30,000

THIS SUCCESSFUL and aggressively expanding international leisure group has a turnover in excess of £600m. Specialising in tourism, particularly 'up-market' village resorts, the group has an impressive track record and has earned an enviable reputation for innovation, quality and reliability.

Headquartered in Paris, the group now seeks to make a strategically significant appointment to strengthen its existing UK management team.

A highly motivated and independent individual is sought to take firm control of the financial and administrative functions for the UK operation. Reporting to the UK Managing Director, you will be responsible for the provision of effective management information and contribute to the decision-making process. With management responsibility for a small department, you will also co-ordinate further development of the computerised accounting systems.

A qualified accountant, aged 26-32, you have well-developed financial management experience, ideally gained in an international environment. You have the skills and maturity to motivate staff and to achieve results under pressure, and the ability to speak French would be highly desirable.

Candidates should apply in writing, quoting current salary, to Sue Port, Ref: 4066/SP/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group
HUMAN RESOURCES
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COATS VIYELLA

FINANCE DIRECTOR

Manufacturing – Sussex

Jaeger, a wholly owned subsidiary of Coats Viyella plc, is internationally renowned as a retailer and manufacturer of ladies and mens clothing of the highest quality. The Company's extensive retailing interests in the UK, North America and the Far East are supported by a number of manufacturing units throughout the UK.

From its headquarters in Burgess Hill, Sussex the Jaeger Tailoring Division operates 5 factories employing circa 1200 people from Central Scotland to Plymouth in the South West. The current Finance Director will be retiring shortly and the Company wishes to appoint his successor to join a highly professional management team.

The Finance Director has full responsibility within the Division for all Financial and Accounting matters – from budgeting through management accounting to the presentation of annual accounts. With reporting lines to both the Divisional Managing Director and Group Finance Director, the person appointed must be a proactive professional accountant with strong background experience in manufacturing industry.

Longer term career prospects with the parent company are excellent. The Company offers a competitive salary with full executive benefits, including Company Car and relocation assistance.

Applicants should send a comprehensive Curriculum Vitae in strictest confidence to:

Ken Jackson, Group Personnel Director,
Jaeger Holdings Ltd, 57 Broadwick Street,
London, W1V 1FU.

JAEGER

RECENTLY QUALIFIED ACCOUNTANT FOR PA TO EXECUTIVE DIRECTOR

City £25,000 neg + Excellent Benefits

Sumitomo Finance International (SFI), the principal capital markets subsidiary of The Sumitomo Bank, Limited, one of the world's largest banks, is a broadly based securities house active in all sectors of the international capital markets including swaps, futures, options and other derivative products.

As part of its continuing expansion a rare opportunity has arisen for a young Accountant keen to join the world of investment banking in an entirely non-routine position. As assistant to the Executive Director responsible for Corporate Administration, Compliance, Personnel and Accounting he/she will become involved in a wide range of ad hoc duties with the principal focus in the field of Company Administration embracing legal, property, personal and corporate taxation, corporate promotion and statutory matters.

The role will not involve any day-to-day accounting work other than to assist the Director in overseeing the sizeable Accounts Department. Good drafting and investigative skills are essential. Future prospects for this individual could include either a move into a "line" accounting or compliance role at Assistant Manager level or a longer term position within Company Administration which is likely to develop as a department in its own right.

Applicants should be 'Big 8' Qualified Chartered Accountants (or about to qualify) preferably with good recent experience of taxation, strong liaison skills and a positive approach to a career within Investment Banking. An excellent salary is offered plus comprehensive benefits including a mortgage subsidy, private *health insurance, sports club scheme, etc.*

For further information contact:
Accountancy Personnel
36-44 Moorgate
London EC2R 6EL
Tel: 01-638 3955

Accountancy Personnel
You don't just count you matter
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CARIBBEAN DEPENDENT TERRITORIES

Regional Adviser

Offshore Financial Services

You will be involved in a new initiative for the development of the offshore financial services sector. Working closely with authorities in the Caymen Islands, British Virgin Islands, Turks and Calcos Islands, Montserrat and Anguilla as well as regional institutions, other Financial Advisers and UK Government Departments, you will facilitate and promote the viable long-term development of offshore financial services, including where necessary enhanced arrangements for legislation and supervision.

QUALIFICATIONS

Candidates should be British Citizens with a detailed knowledge of, and experience in, the development, promotion and regulation of offshore financial services. You should have professional qualifications in at least one of the following: finance, economics, accountancy or law, and the personal qualities to match the senior level of the appointment. Previous experience of the Caribbean would be an advantage.

TERMS OF APPOINTMENT

You will be on contract to the British Government for 2 years, on technical co-operation terms and based in the Caribbean. **Salary will be £47,675 p.a. (UK taxable).** Additional benefits will normally include tax-free overseas allowances, children's education allowances, free accommodation and passages and annual fare-paid leave.

For further details and application form, please write, quoting job title and ref AH364/AB/FT to: Appointments Officer, Overseas Development Administration, AH220, Abercrombie House, Eaglesham Road, EAST KILBRIDE, Glasgow G75 8EA. Or tel 03552 41199 ext 3178.

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BRITAIN HELPING NATIONS TO HELP THEMSELVES

COMPTROLLER

INTERNATIONAL PEACEKEEPING ORGANIZATION - ROME, ITALY

The multinational force & observers (MFO), responsible for monitoring compliance with the security provisions of the Egyptian-Israeli peace treaty, seeks a dynamic individual for the position of Comptroller located at MFO headquarters in Rome Italy. The Comptroller is the Chief Financial Officer of the MFO reporting directly to the Deputy Director General.

The successful candidate will be a Chartered Accountant or equivalent with 15 years' experience in commercial and public accounting including U.S. public accounting practices, experience working as a Controller or Deputy Controller in a corporation and a thorough knowledge of personal computer based financial systems. *Desirable qualifications* include some experience working with government and/or military organizations and some experience working and living abroad.

Benefits include attractive salary, housing & educational benefits, major medical & life insurance, a three year renewable contract and possible tax free status.

Interested candidates should send resume and salary history as soon as possible to the Chief of Personnel by fax to Rome Italy: 39-6-592-0692 or by mail to New York:

Chief of Personnel
American Embassy/MFO
APO New York 09794-0007

MFO regrets it can not respond to all applicants

Financial Controller

West End — **Salary to £30,000 + benefits**

Our client is a progressive firm of solicitors who are enjoying a period of rapid growth and expansion. Due to reorganisation in areas of the finance function they have identified the need to appoint a Financial Controller.

Reporting to and working closely with the Finance Director, the successful candidate will fulfil a crucial role in treasury management, cash collection, credit control and monitoring of work in progress.

Applications are invited from qualified accountants, ideally aged between 28 to 40 years. Candidates should be well acquainted with computerised accounting methods and be able to demonstrate practical success in managing and planning finance, IT and other support activities in a service or partnership environment. In addition, the position calls for excellent inter personal skills and the ability to present logically, clearly and persuasively.

Located in prestigious offices in the heart of the West End, this firm offers a challenging opportunity and an attractive remuneration package.

Interested candidates who meet these criteria should send a detailed CV, including current salary and daytime telephone number to Susan Stuart, quoting reference LM116 at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

LONDON

to £40,000 + CAR & BENEFITS

Financial Controller

As part of an extensive reorganisation and expansion programme, this major blue chip group is establishing a new, engineering based, Service Business. Handling contracts with an annual value of £100 million, the Business will underpin the success of the Group's core activities.

As Financial Controller you will take full responsibility for the accounting and finance function including tight cash management and forecasting, business plans, capital investment appraisal and computer systems. You will also play a key role in negotiating contracts with important clients.

Preferably a graduate in your early thirties, you will be a qualified accountant with good financial management experience gained in a demanding business environment. You must possess strong analytical and computer skills and the ability to liaise effectively with senior technical managers. Good communication skills, decisiveness, self-assurance and a persuasive personality are essential prerequisites.

Career prospects within the Group are excellent.

Please send full personal and career details in confidence to *Paula Hanratty, Coopers & Lybrand Deloitte Executive* Resourcing, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5357/FT on both envelope and letter.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

Coopers & Lybrand Deloitte | Executive Resourcing

SM

STREATHAM

c.£32,000 + CAR

Finance Director

SM Magazine Distribution Ltd is the UK's second largest magazine distributor, handling sales, marketing and distribution on behalf of a range of publishers. A wholly-owned subsidiary of Argus Press Group, the company has a record of healthy growth and profit and enjoys a reputation for reliable and effective client service.

Reporting to the Managing Director, and indirectly to Group level, you will play a major role in the commercial *management of the business. Accountable for all* aspects of the finance function, you will maintain tight control over payments, cash flow and detailed forecasting. Other key responsibilities will include the development of computer systems to keep pace with rapid technological progress within the industry and all personnel and administration matters.

Probably in your mid-thirties, you will be a *self-motivated,* qualified accountant, with good managerial and communication skills. The ability to work within a close knit team is essential. Previous experience will ideally have been gained in a competitive service or distribution industry and should include computer systems management.

Please send full personal and career details in strict confidence to Paula Hanratty, Coopers & Lybrand *Deloitte Executive Resourcing,* PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5363/FT on both envelope and letter.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

Coopers & Lybrand Deloitte | Executive Resourcing

Group Financial Controller

from £30,000 + car SW London

This is a well-established group specialising in construction, property development and investment as well as operating four successful hotels. Current turnover is in excess of £11m.

To support future development, the Board wishes to appoint a Group Financial Controller who will be responsible for maintaining and improving the accounting function. The successful applicant will be responsible for the accounts department, the introduction of accurate financial controls, a review of the existing computer systems and the development of budgetary control and regular management reporting.

Candidates aged 30-45, should be commercially-minded qualified accountants preferably with a knowledge of the construction or allied industries.

To apply, please send CV, in confidence, quoting CL/107 to:

Chris Lane, Moores Rowland, 43 Eagle St, London WC1R 4AP. Tel: 01-831-8385

Moores Rowland
Chartered Accountants

LEADING INVESTMENT BANK

TRANSACTION CONTROL
A MAJOR PROJECT ROLE

ACA | Aged 25-30 | c£32,000 Package

An excellent opportunity has been created for a young accountant to make a significant contribution to the creation of a new department at an International Investment Bank.

Operating worldwide in equities, debt and corporate finance, this highly regarded Institution is at the forefront of new developments in the financial markets.

Information flows supporting the transactional business areas are essential to successful decision making. The responsibilities of this role will therefore be to develop and monitor controls over transactional information in new and existing business areas.

Setting up the department and establishing its role within the Finance function will be the major initial challenge. Understanding and controlling information flows throughout the businesses will prove an outstanding training in the securities industry.

The successful applicant will be a recently qualified ACA, possessing imagination, drive and strong interpersonal skills. The Bank's commitment to career development will provide a stimulating arena for future advancement.

For an initial discussion please call Bianca Coulter on 01-437 0464, or write enclosing a detailed CV to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Mulberry

INTERNATIONAL ACCOUNTANT

Near Bath

c£27,500 + car

Renowned for its high quality range of fashion accessories and clothing, Mulberry has an impressive record. Currently further developing its operations internationally, the group is predicting an exciting future.

Joining the small headquarters financial team based at Chilcompton, near Bath, the International Accountant will work on a range of projects. Travelling approximately 50% of the time in Europe and, later on, the Far East and USA, he or she will review and provide financial support to the group's international retail and distribution operations. Reporting to the Group Finance Director and participating in systems development, pricing, planning and profitability reviews, the Accountant will have significant exposure to all areas of the business.

In their mid to late 20s, applicants should be graduate qualified accountants with 2/3 years post qualification experience.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/897/F.

Rentokil Group PLC
Financial Controllers

Surrey/Sussex Border

£30-£35,000 packages + car + benefits

Rentokil is one of the world's leading environmental service companies with activities around the world and with an enviable growth record.

As a result of reorganisation, the UK business now needs to appoint Financial Controllers for each of three semi-autonomous UK divisions. Reporting directly to the Divisional General Managers, the Financial Controllers will have full responsibility for their departments and for the provision of the financial support necessary to control and develop their businesses. Additionally, they will be responsible for supplying timely and accurate information to the Company's central finance function.

Candidates must possess a recognised accounting qualification and have relevant experience in a professionally managed company. They must be capable of working as part of a strong divisional management team with the overwhelming objective of continued growth in profits.

The packages comprise a base salary between £25,000 and £30,000, a bonus based on the profitability of the division, excellent choice of car, relocation and other benefits.

Please write - in confidence - with career details and current salary quoting ref. B 90013 to Mark Fosh, MSL International (UK) Limited, Pilgrim House, 2/6 William Street, Windsor, Berks. SL4 OBA.

MSL International

FINANCE CONTROLLER

CENTRAL LONDON

£27-35,000 SALARY

CAR & BENEFITS

Our client is a diversified and thriving recruitment company with offices throughout this country and overseas. Part of a publicly-quoted services group much favoured by City analysts, it is set to continue a programme of expansion - involving both acquisitions and organic growth - and consequently needs to make a critical appointment to its finance department.

Candidates - ideally graduates aged 27-35 and probably Certified or Chartered Accountants - should have at least 5 years' commercial experience. Their responsibilities will include supporting several trading companies, implementing operational and financial controls, refining reporting procedures, continuing the development of the company's computer systems and managing a team of 7 staff members.

This is an outstanding opportunity for an ambitious individual to advance his or her career with a fast-moving company. Compensation will comprise a starting salary of £27-35,000, together with company car and other benefits.

For further information please contact Philip Boynton, LL.B., LL.M., on 01-405 6852 or write to him at Reuter Simkin Ltd, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY.

REUTER SIMKIN

Finance Directors

North Kent/Bucks | **to £35,000 + Bonus + Car**

Our client is a successful, expanding UK plc with turnover approaching £700 million and substantial interests in trading and distribution. The Group *attributes much of its success to the strength of its* operational financial management which is clearly focussed towards total business involvement. Consequently, career development prospects within the Group are excellent.

Finance Directors are now sought by subsidiary companies within two major trading Divisions. With current revenues of £10-£12 million these merchanting and processing companies operate in distinct and separate markets, and have significant development potential. Working closely with the Managing Directors, the Finance Directors will assume overall responsibility for finance and administration and be closely involved in the commercial dynamics of the businesses to improve efficiency and control and to ensure continued profitable growth.

Candidates should be qualified accountants, probably aged 30-35 with a strong commercial orientation in additon to sound technical accounting and systems skills. An assertive nature and a willingness to take responsibility are pre-requisites, as are good communication and management skills.

Interested applicants should write enclosing a full CV with daytime telephone number, quoting Ref: 397 to Barry Ollier, BA, ACA, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG. Tel. 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Appointments Advertising
appears every Wednesday and Thursday,
(Friday International Edition)
for further information please call: 01-873 3000

Elizabeth Arthur ext 3694
Jennifer Hudson ext 3607
Adam Futeran ext 3559
Stewart Maddock ext 3392
Nicholas Baker ext 3351
Richard Huggins ext 3460
Sarah Gabe ext 3199

Passed Finalists List

There were 3031 candidates who sat the Institute's Stage 4 examination, of whom 1747 sat in the UK, the Republic of Ireland and the European Community and 1284 elsewhere overseas. The overall pass rate was 36.5%, that in the UK, the Republic of Ireland and the European Community being 46% at this stage.

A

Z ABDUL, Kuala Lumpur; F ABDUL RAHIM, London; ZB ADBUL RAHMAN, Kuala Lumpur; PK ACHIAMPONG, Wednesbury; JA ADDIS, Wednesbury; A AHILESAN, Colombo; CE ALCOCK, Durban; CJ ALCOCK, Slough; PL ALDERTON, Luton; PT ALDERTON, London; AU ALISAN, London; AJ ALLSOP, Worthy Down; NG ALTON, Nottingham; V AMARA SINGAM, Kuala Lumpur; AS AMARATUNGA, Colombo; P ANANDAN, Barking; EM ANDERSON, Aberdeen; NJ ANDERSON, Kingston upon Thames, NRM ANDERSON, Southampton; N ANDRALOJC, Derby; G ANDREWS, Derby; R ANPALAGAN, London; J ANTHONY, Barking; M ANTHONY, Newcastle, GPV APONSO, Muscat; RS APONSO, Colombo; JA ARENDSE, Johannesburg; BAK ARIYATILAKA, Colombo; DRS ARULANANTHAM, Colombo; DW ARUNDEL, Glasgow; JR ASHER, Leeds; RM ASHMAN, St Austell; PJ ASHTON, Wigan; GN ASHWORTH, London; S ASOKAN, Dubai; T ASOKAN, Colombo; J ASPINALL, Cambridge; US ATTANAYAKA, Colombo; MKJ ATTAPATTU, Colombo, M AUROKIUM, Battersea; MF AVERY, London; SA AXEFORD, Newcastle;

B

SA BAALAWY, London; AF BACHE, Stoke; CA BACK, Sheffield; RS BAIRD, Swindon; AJ BAKER, Newport; RM BAKER, Cheltenham; S BALACHANDRA, Colombo; B BALAMURALI, Watford; JV BALCOMBE, London; T BALENDRA, Barking; SM BANKIER, Newcastle; IN BANKS, Wednesbury; DE BARBIERI, Durban; KR BARKWAY, Battersea; CJ BARLOW, Reading; SG BARLOW, Cambridge; HA BARNES, Kingston upon Thames; PJ BARNETT, London; TJ BARRETT, Preston; AJ BARROWCLIFF, Nottingham; PA BARSBY, Cape Town; BTZ BARTON, Slough; HJ BASHFORD, Coventry; NML BASTIANPILLAI, Colombo; I BASTOW, Reading; AE BATES, London; RG BATES, Luton; JA BAUGHN, Cheltenham; S BAYLEY, Liverpool; GR BAYNE, Maidstone; B BEATON, Aberdeen; RM BECHARD, Durban; MT BEDFORD, Oxford; DS BEDSER, Reading; DJ BELLERBY, London; JR BENEDICT, Barking; SJ BENFIELD, Wednesbury; SC BENGE, Wednesbury; J BENSON, Preston; GM BENTHAM, Brighton (Hove), AE BERNARD, London; J BEVAN, Wolverhampton; MP BIRCH, Orpington; DA BISH, Derby; CM BISHOP, Johannesburg; MNK BLACK, Orpington; J BLACKMORE, Wednesbury; A BLACKWOOD, Newcastle; PT BLOOMFIELD, Belfast; SR BLUFF, Manchester; G BOARD, London; AJ BOETIUS, Luton; DM BOGIE, Edinburgh; DF BOND, Watford; TJ BONIFACE, Wednesbury; BOON CHOONG KONG, Kuala Lumpur; AJ BOOTH, Derby; TL BOOTH, Dunstable; WH BOSHOFF, Johannesburg; MM BOWE, Liverpool; SR BRANDON, Luton; WJ BRANNAN, Worthy Down; M BRASS, Cambridge; MA BRAY, Worthy Down; WCS BRAY, Kingston upon Thames; AM BREEN, Wednesbury; FJ BRENNAN, Kingston upon Thames; KA BRETHERTON, Blackburn; PA BROCKWELL, Nottingham; SR BROWN, London; WJM BRUCE, Bristol; KA BRUNNING, Southampton; MJ BRUNT, Derby; PJ BUCHANAN, Cape Town; IC BUCKLAND, London; JM BUCKLEY, Luton; P BUCKLEY, Manchester; RA BUCKLEY, London; N BURDEN, Maidstone; GG BURNS, Winchester; K BUTTERLY, Dublin; DN BUXTON, Northampton; G BYRNE, London;

C

SM CAMERON, Reading; A CASEY, London; LJ CASSEY, Nottingham; B CASSIN, Reading; BNH CASTLE, Brighton (Hove); KJ CATHERALL, Newcastle; AJ CAUGHEY, Birmingham; AJ CAVILL, London; RJ CHADERTON, Liverpool; AT CHADWICK, Manchester; CHAI YEONG LING, Singapore; G CHAK TAK LAM, Hong Kong; C CHAMBERLAIN, Derby; CHAN WAH FYE, Barking; D CHANDRADAS, Colombo; T CHANDRADAS, Colombo; K CHANDRASEGARAM, Ottawa; T CHAPFUNGA, Harare; SV CHAPMAN, Manchester; AJ CHARLTON, Wednesbury; CHEAH GAIK CHIAM, Penang; CHEE SEONG HENG, Kuala Lumpur; NK CHELLIAH, Colombo; T CHELLIAH, Darwin; CHEN KOK SONG, Kuala Lumpur; CHEN OOI MUN, London; R CHEUNG CHI OI, Hong Kong; CHEUNG YUET HO, Hong Kong; CHEW YUET LEE, Kuala Lumpur; CHIA HUI TENG, Kuala Lumpur; LWB CHIKADYA, Blantyre; CHIN POW YEN, Kuala Lumpur; CHOONG CHEE LEONG, Kuala Lumpur; CHOONG YEE TWO, Kuala Lumpur; CHOW CHU KEUNG, Hong Kong; IW CHRISTIE, Glasgow; CHUA BENG HUA, London; A CLARK, Southampton, NW CLARK, Luton; PR CLAYDON, London; IC CLAYTON, Aberdeen; IB CLINGAN, York; SJ CLOUGH, Norwich; DM COAKER, Battersea; CL COAKLEY, Newport; SR COATES, Maidstone; JW COBB, London; AN COE, Sheffield; PS COHEN, London; MC COLEMAN, London; PJ COLLINGHAM, Brighton (Hove); RL COLLINS, Battersea; IA COLQUHOUN, Edinburgh; JF COLVIN, Slough; TJ COOLEY, Croydon; A COOPER, Nottingham; D COPPERSTHWAITE, Manchester; FM COTTEE, Chelmsford; NJ COTTLE, Orpington; WJ COUGHLAN, Durban; ID COURTNAGE, Croydon; PT COURTY, Newcastle; CM COVENEY, Cork; TA COVERDALE, Barking; TM COWARD, Durban; J COWDEN, Glasgow; NB COWLS, London; FJ COYLE, Kingston upon Thames; SJ CRAIG, Kingston upon Thames; D CRAVEN, Derby; CJ CRAWFORD, Leeds; DR CRAWFORD, Dundee; TH CREIGHTON, Croydon; NJ CROCKER, Reading; PJ CROWLEY, Worthy Down; A CULLETON, Dublin; J CURLEY, Southampton; TA CUTHBERT, Southampton;

D

A DAAS, London; AR DAGNALL, Orpington; G DANTON, London; TD DAVENPORT, Cape Town; S DAVIE, Slough; DB DAVIES, Croydon; HG DAVIES, Newport; JC DAVIES, Dunstable; GW DAVIS, London; CM DAY, Durban; NC DAY, Wednesbury; M DAYAL, London; JM DDIBYA, Kampala; IC DECK, Newcastle; BL DEERING, Luton; E DEIVANAYAGAM, Colombo; MW DELANEY, Preston; JM DELUNGAHAWATTA, Colombo; DJ DEMPSEY, Cork; GR DENMAN, Watford; JS DEVADAS, Colombo; RH DEWAR, Leeds; BDP DHARMASENA, Colombo; CS DHARMASENA, Colombo; SS DHILLON, Birmingham; NC DHUNUSHAN, London; SJ DIAMOND, Bristol; AM DICKINSON, Preston; EM DIGGLE, Croydon; MPB DISSANAYAKE, Colombo; A DIXON, London; G DONALD, Wolverhampton; LP DONEGAN, London; B DOW, Aberdeen; JS DOW, Reading; AF DOWNIE, London; PF DOWNIE, Slough; CJ DOWSETT, Liverpool; M DOYLE, Birmingham; NM DOYLE, Dublin; RI DRAGE, Maidstone; HIB DRAYCOTT, Slough; SJ DRINKWATER, Croydon; M DUBINSKI, Chelmsford; A DUFF, London; S DUFFY, Dublin; K DUNNING, Sheffield; AR DUPONT, Birmingham; PE DUTTON, Manchester; RAJ DWORNIK, Slough;

E

AF EARL, Orpington; LM EARL, Cambridge; JR EASTWOOD, Preston; KD EASTWOOD, Derby; BL ECKETT, Worthy Down; BY EDIRISURIYA, Colombo, SR EDIRIWEERA, Colombo; PA EDWARDS, Preston; VC EGGLETON, London; G EKANAYAKE, Colombo; RR ELLIOT, Glasgow; GE ELLIS, Leeds; PD EMMETT, Derby; KSO ERIAGAMA, Colombo; N ESWARAVEL, Colombo; CE EVANS, Wednesbury; GD EVANS, Manchester; PS EVANS, Orpington; RR EVANS, Birmingham; S EVANS, Slough; SL EXLEY, Derby; SD EZEKIEL, London;

F

R FADZIL, London; ML FAGAN, Reading; M FAIZ, Colombo; MJ FALLON, London; FAN KUM PEW, Barking; DA FARMER, Manchester; HP FARMER, Wolverhampton; MBF FARZANA, Colombo; MG FAZAKARLEY, Watford; E FELLOWS, Wigan; C FERGUSON, Glasgow; AI FERNANDO, Colombo; AL FERNANDO, Muscat; DS FERNANDO, Colombo; HP FERNANDO, Colombo; PSC FERNANDO, Colombo; WKB FERNANDO, Colombo; WPR FERNANDO, Colombo; WYR FERNANDO, Colombo; LM FERNEE, Middlesbrough; K FINNIGAN, Newcastle; M FISHENDEN, London; E FISHER, Johannesburg; PA FISHER, Bristol; PJ FITCH, Nottingham; JA FITZGERALD, London; AD FLANDERS, Reading; JG FLANNERY, Limerick; FT FOLEY, London; FOO CHEE PIN, Kuala Lumpur; FOONG POH SENG, Kuala Lumpur; I FOOT, Barking; AE FORD, Preston; PD FORDE, Cheltenham; JA FOREMAN, London; JA FOSTER, Southampton; AC FOUCHE, Durban; MC FRAMPTON, London; KM FRANCE, Manchester; JA FRANKLIN, Slough; NG FRENCH, Middlesbrough;

G

MS GAFFOUR, Colombo; ET GALLAGHER, Athlone; MMM GALLELLA, Colombo; VN GAMAGE, Colombo; STA GARAPO, Harare; M GARDENER, Brighton (Hove); MJ GARDENER, Southampton; DA GARDINER, Derby; GM GARDINER, Worthy Down; M GARDNER, Bristol; ND GARNER, Dunstable; JD GARVEY, Slough; SC GETTINGS, Cambridge; A GIBSON, London; CA GIBSON, Middlesbrough; JM GIESS, Slough; AI GILBERT, London; AL GILLESPIE, Chelmsford; MR GILLESPIE, Chelmsford; T GILLETT, Leeds; SE GILMARTIN, Liverpool; S GILMOUR, Manchester; NP GILPIN, Birmingham; CE GINSBERG, Johannesburg; G GIRIDHARAN, Colombo; I GLOVER, Brighton (Hove); EGR GNANAPRAGASAM, Colombo; JKR GOHEL, London; HF GOLDEN, Cork; AS GOLDIE, Dundee; LCH GOODMAN, Slough; WA GORDON, Manchester; EGA, GORRINGE, Watford; RN GOULD, London; KJ GOWING, Dublin; MG GRAHAM, Oxford; AJ GRAVESTOCK, Slough; DJ GREEN, Worthy Down; PN GREEN, Chelmsford; S GREENBANK, Peterborough; PJH GREENWOOD, Wednesbury; A GRIFFITHS, London; RE GRIFFITHS, Swansea; IS GRIMSHAW, Wigan; RA GROVE, Cheltenham; LM GUEST, Slough; NM GUILDER, Manchester; PAC GUILLOU, Edinburgh; NHB GUNARATNE, Colombo; KMA GUNASEKERA, Colombo; SC GUNASEKERA, Colombo; SS GUNASENA, Colombo; AK GUPTA, Lusaka; JE GWILT, Cape Town; RM GWYNNE, London;

H

PM HACKETT, Limerick; DR HALDANE, Johannesburg; CM HALLINAN, Dublin; RT HALPENNY, London; MHK HAMEEN, Colombo; SKM HAMILTON, London; WB HAMILTON, Newcastle; ME HANSEN, Southampton; CH HAPANGAMA, Colombo; AC HARGRAVE, Peterborough; DI HARGREAVES, Leeds; HA HARKER, Dunstable; J HARMSWORTH, Pitsea; JT HARRIS, Worthy Down; JE HARRISON, Birmingham; SK HARRISON, Coventry; LJ HART, Croydon; CJ HAWES, Peterborough; JK HAY, Edinburgh; RA HAY, London; TD HAY, Reading; DP HAYES JONES, Slough; SW HAYWOOD, London; RJ HAZEL, Bristol; TB HAZELL, London; TP HEALY, Winchester; AM HEDGES, Hull; DJ HEGARTY, Johannesburg; JS HENDERSON, Edinburgh; AN HENSTOCK, Exeter; DJ HERVEY, Reading; PG HETTIARACHCHIE, Colombo; DA HICKS, Middlesbrough; J HIGGIN, Preston; J HIGGINS, Nottingham; MG HIGGINS, Dublin; HII KHING SIEW, Kuala Lumpur; RG HILL, Cheltenham; J HIMSWORTH, Newcastle; J HISCOCK, Chelmsford; SP HITCHMAN, Bristol; HO KIT MAN, Hong Kong; HO MENG WAN, Kuala Lumpur; AL HOBBS, Cape Town; RB HOBELL, Pitsea; VNM HOBSON, Coventry; M HOCKEN, Cheltenham; PA HODGSON, Slough; RJ HODGSON, Luton; DA HODSON, Derby; HOH KIEN WAI, Kuala Lumpur; A HOI YUEN YEUNG, Ottawa; RMN HOILES, Croydon; NJ HOLLAND, Preston; SJ HOLLAND, Manchester; DP HOLMES, Sheffield; J HOLMES, Kingston Upon Thames; JE HOLMES, Barking; NCM HOLMES, Leeds; DP HONOUR, Slough; GP HOPPER, Sheffield; M HORN, Manchester; A HORNBUCKLE, Leicester; DJ HOSIE, Sheffield; SM HOUSE, Worthy Down; P HOWARD, Coventry; K HOWARTH, Oxford; JR HOWELL, Wednesbury; JA HOWSON, London; CES HUGGINS, Watford; GS HUGHES, Northampton; HL HUGHES, Dunstable; MC HUGHES, Worthy Down; RM HUGHES, London; BT HULLOCK, Preston; PS HULME, Preston, JPG HUMAN, Johannesburg; AV HUMPHREYS, Leeds; RT HUNT-DAVIS, Cape Town; J HUNTER, Liverpool; JR HURRELL, Croydon; ED HUXLEY, Reading;

I

MAM IMTHIYAS, Colombo; C INMAN, Kingston Upon Thames; ASM ISMAIL, Colombo; MI ISMAIL, Kuala Lumpur; T IU TAK-MENG, Hong Kong;

J

J JACK, Glasgow; MR JACKSON, Derby; PE JAMES, Bristol; SA JAMES, Slough; SC JAMES, Chelmsford; MA JAMIESON, London; AJ JARDINE, Bristol; DA JARMAN, Maidstone; N JARVEY, Manchester; RM JAYASURIYA, Colombo; SH JAYASURIYA, Colombo; PL JAYAWARDENA, Colombo; R JEEVAKAN, Colombo; K JEEVES, Maidstone; VG JEFFERSON, Slough; RE JEFFS, Manchester; S JEGANATHAN, Watford; K JEGATHESWARAN, Colombo; CP JENKINS, Birmingham; GP JENKINS, Reading; MD JENNINGS, Liverpool; N JENNINGS, Croydon; JCS JEPSON, Blackburn; DA JOHNSON, Battersea; G JOHNSON, Battersea; S JOHNSON, Manchester; SG JOHNSON, Reading; TA JOHNSON, Manchester; KR JOLLANS, London; A JONEJA, Lusaka; GB JONES, Watford; JA JONES, Leicester; JN JONES, Stoke; M JONES, Preston; MP JONES, London; PA JONES, Worthy Down; PL JONES, Worthy Down; S JONES, Blackburn; BAR JURANGPATHY, Colombo;

K

KAM LEE KING, Kuala Lumpur; R KANE, Newcastle; JW KANNANGARA, Colombo; JPR KARUNARATNE, Colombo; L KAVANAGH, Middlesbrough; KP KEARNS, Southampton; JN KEATING, Slough; T KEATING, London; MJ KEITH, Aberdeen; JE KELLY, Southampton; KH KELLY, Peterborough; N KELLY, Dublin; CA KENNEDY, Manchester; PG KENNEDY, Limerick; DJ KEYTE, Cheltenham; KHOO KENG BOON, Kuala Lumpur; J KHOO NGA KOK, Kuala Lumpur; KHOO WAI YIN, Kuala Lumpur; KHOR TOR KWAI, Kuala Lumpur; RSB KIANI-NASSERI, Cambridge; P KILROY, Blackburn; B KING, Dublin; CR KING, Reading; BP KINSELLA, Limerick; A KINSMAN, Manchester; NG KIRBY-GREEN, Battersea; KRS KIRIWATTUDUWA, Colombo; RS KIRK, London; MP KNIGHT, Watford; JB KNOWLSON, Middlesbrough; KOH HUEY MIN, Kuala Lumpur; KOH KWEE CHAI, Kuala Lumpur; KOK WAI SING, Kuala Lumpur; Z KOLIAS, London; G KRISHNAKUMAR, Bahrain; AK KRUGER, Johannesburg; JA KUFUOR, London; CV KULATILAKA, Colombo; SR KULKARNI, Watford; KWAN CHI-FAI, Hong Kong;

L

LAI CHAI LIAN, Kuala Lumpur; LAI SOON TE, Penang; SJ LAKE, Dunstable; LAM SAU MAN, Hong Kong; JA LAMBERT, Nottingham; JT LAMOND, Watford; DJ LANE, Leeds; D LAU, Hong Kong; LAU THIAN SENG, London; LAU TUNG EE, Kuala Lumpur; PA LAVELLE, Dublin; LAW CHAN LAM, Singapore; KF LE ROUX, Johannesburg; ZP LE ROUX, Saldanha Bay; SE LECKEY, Southampton; BJ LECKIE, Glasgow; EPM LEE, Nottingham; JN LEE, Sheffield; LEE CHIN KIAN, Kuala Lumpur; LEE CHUNG SHING, Hong Kong; LEE HUI LAN, Kuala Lumpur; LEE KIEN BEE, Penang; LEE LAI HOCK, Kuala Lumpur; LEE LAY MING, Kuala Lumpur; LEE SAI YAU, Hong Kong; LEE SIOK KENG, Kuala Lumpur; LEE SIOW HONG, London; DWF LEFORT, Orpington; BM LEHANE, Limerick; SA LEONARD, Southampton; LA LESLIE, Glasgow; LEUNG YEE PING, Hong Kong; BR LEWIS, Winchester; CAR LEWIS, London; LI MING HO, Hong Kong; LIAU FOO HING, Kuala Lumpur; PA LIGHT, Bristol; JD LIGHTFOOT, Liverpool; LIM CHAI HOON, Kuala Lumpur; LIM CHING TECK Kuala Lumpur; LIM HEAN LEE, Stoke; LEE KIAN HUI, Kuala Lumpur; LIM MENG JIT, Kuala Lumpur; LIM SENG KONG, London; LIM SEONG HONG, Kuala Lumpur; LIM YONG KUANG, Kuala Lumpur; M LIM YU YAN, Singapore; NF LIMBRICK, Leicester; MJ LINACRE, Derby; LING SIAM KHING, Kuala Lumpur; LIOW SWEE KAN, Kuala Lumpur; CA LITTING, Manchester; JA LOCKWOOD, Leicester; LOH EE HOE, Penang; LOH SOOK LENG, Kuala Lumpur; LOKE PHANG CHOONG, Singapore; SA LONG, Luton; ID LONGBOTTOM, Birmingham; NP LOVEDAY, Norwich; C LUI TSZ WAN, Hong Kong; JM LUKE, Barking; MJ LURCOCK, Exeter; FAM LYALL, Aberdeen; EA LYNCH, London; NA LYNN, York; MJ LYONS, Liverpool;

M

MA WAI LUN, Hong Kong; JA MACDONALD, Luton; OM MAKIN, Leeds; D MACKLE, London; KI MACMILLAN, Edinburgh; MB MACMILLAN, Edinburgh; PA MACNIVEN, Pitsea; MAH SUET FUN, Kuala Lumpur; LSP MAHON-DALY, London; MAK CHEE KEONG, Kuala Lumpur; MAK SUT YONG, Kuala Lumpur; NJ MAKINSON, Blackburn; CTT MAKWINDI, Harare; PL MALLION, Worthy Down; MDH MANNAPPERUMA, Colombo; JG MANNERING, Nottingham; DK MANWELL, Liverpool, K MAPA WIJAYASINGHA, Colombo; NGP MARRON, London; TL MARSDEN, Worthy Down; PR MARTIN, Belfast; JK MATHER, Manchester; AJ MATTHEWS, London; AJ MATTHEWS, Stoke; RS MAYNARD, Swindon; L MAZIMBA, Lusaka; PJ MCALLISTER, Reading; NT MCAULIFFE, Watford; RJ MCBURNEY, Worthy Down, TG MCCABE, London; L MCCALLUM, Dundee; ML MCCANN, Birmingham; JT MCCARTHY, Dublin; OM MCCLAVE, Slough; DE MCCLINTOCK, Belfast; PJ MCCUNN, Oxford; OM MCDERMOTT, London; JH MCDONALD, London; C MCGILL, Dundee; E MCGONIGLE, Dublin; P MCIVER, Newcastle; V MCKENNA, London; GE MCKINLEY, Derby; G MCLACHLAN, Edinburgh; L MCLAUGHLIN, Battersea; C MCLOUGHLIN, Newcastle; A MCLUCKIE, Glasgow; PI MCMULLAN, London; MP MCPHERSON, Dublin; MD MCPHILLIPS, Brighton (Hove); D MEATCHER, Derby; B MEERA, Colombo; JC MEHTA, Muscat; JR MELLON, Belfast; KJ MERCER, Reading; AJ MERRICKS, London; IC MERRITT, Derby; RJ MILLER, Leicester; DW MITCHELL, Aberdeen; KJ MITCHELL, Dublin; V MOHAN, Muscat; AI MOHIDEEN, Colombo; RC MOLE, Northampton; CD MOLLIGODA, Colombo; L MOLLOY, Dublin; DP MOORE, Cork; GJ MOORE, Worthy Down; G MOORES, Croydon; KF MORAN, London; MM MORELAND, London; BO MORGAN, Orpington; ME MORRISON, Croydon; MS MORRISON, Kingston upon Thames; A MORTON, Preston; KE MOSS, Cambridge; JR MOWBRAY, Peterborough; R MUGUNTHAN, Colombo; JJ MUIR, Birmingham; S MULLAN, Belfast; S MURALEEDARAN, Colombo; JS MURDOCH, Glasgow; PJ MURPHY, London; TM MURPHY, Battersea; AC MURRAY, Dublin; C MURRAY, Slough; DJ MURRAY, Newcastle; KA MURRAY, Aberdeen; JD MURTAGH, Birmingham; RM MURUGUPILLAI, Colombo;

N

S NABIL, Amman; S NADESAN, Croydon; S NAGALINGAM, Barking; P NAGARATNARAJAH, Colombo; L NALLIAH, Colombo; HLP NANAYAKKARA, Colombo; S NATARAJAN, Edinburgh; DP NAVARATNAM, Colombo; G NAVARATNAM, Colombo; AT NELMES, London; JR NELSON, Croydon; MJ NEWEY, Slough; ML NEWMAN, London; J NEWSOME, Chelmsford; NG AIE LI, Kuala Lumpur; NG BOON CHAN, Kuala Lumpur; NG CHUI YI, Hong Kong; Y NG SIEW LING, Kuala Lumpur; NG SWEE LENG, Kuala Lumpur; NG YU HUA, Kuala Lumpur; NGE CHU LING, Kuala Lumpur; JM NGEI, Nairobi; NGOH AI NIUM, Kuala Lumpur; ML NICHOLAS, Oxford; L NICHOLLS, Cambridge; RA NICHOLLS, Wednesbury; LG NICHOLS, Slough; D NIEWIADOMSKI, Stoke; SC NILES, Colombo, M NIRUTTAN, Colombo; L NOBLE, Southampton; BM NOLAN, Dublin; JW NOLAN, Dublin; TJ NOONAN, Cork; GA NORMAN, Preston; WA NUTT, Slough; S NUTTALL, Newcastle;

O

KP O'DOHERTY, Preston; K O'FLAHERTY, Kingston upon Thames; JA O'MAHONY, Cork; A O'NEIL, Slough; M O'NEIL, London; MA O'REILLY, Luton; CA O'SULLIVAN, Slough; MJ O'SULLIVAN, Peterborough; R ODENDAAL, Johannesburg; C OFFODUM, Belfast; OO OJUROYE, Lagos; MJ OLIVER, Reading; RD OLIVER, Slough; PG OLLIVIER, Leeds; RJ OLVER, St Austell; ONG GEOK LIP, Kuala Lumpur; ONG SIEW MIN, Kuala Lumpur; OOI CHENG HOO, Kuala Lumpur; OOI CHIN HOCK, Penang; OOI KOK CHYE, Kuala Lumpur; AP ORRITT, London; S OSMOND, London; KJ OTTO, Brighton (Hove); GR OWEN, Wednesbury; PJ OWENS, London;

P

ATD PADMAPERUMA, Colombo; GT PAGE, Johannesburg; CJ PALIHAWADANA, Colombo; ES PALIOS, Cambridge; SJ PALMER, Southampton; PANG CHOON HAN, Kuala Lumpur; PANG WAI FUN, Singapore; PG PAPWORTH, Manchester; FG PARAYIL, Lusaka; AL PARIMALAM, Colombo; DB PARKER, London; JN PARLE, Dublin; R PARTHASARATHY, London; K PATEL, Luton; T PATHANCHALY, Croydon; I PATON, Glasgow; MK PAYNE, Leicester; WE PAYNE, Cambridge; RA PEACOCK, Croydon; GR PEARSON, Leeds; AD PELLINGTON, London; RAA PERERA, Colombo; TNC PERERA, Colombo; J PERRY, Chelmsford; L PERRY, Kingston upon Thames; JR PETERS, Maidstone; RW PETTET, Slough; PHAN YEW CHOONG, Penang; AJ PHILLIPS, Stoke; GB PHILLIPS, Northampton; RMC PHILPOTT, Luton; JS PICTON, Slough; PE PINNOCK, Nottingham; RA PINTO, Croydon; TJ PITT, Maidstone; I PLACE, Preston; KM PLUMB, Southampton; M POLDING, Swindon; ERA PONRAJ, Auckland; H POON FONG CHAK, Hong Kong; MD POPE, Dunstable; JM POTTER, Worthy Down; RG POTTS, Derby; JA POULTON, Coventry; SJ POWIS, Leicester; PJ PRALL, Stoke; MS PRESTON, Leeds; P PRICE, London; K PRITCHARD, Worthy Down; HM PROPHET, Dundee;

Q

JM QUINN, Belfast;

R

ME RAE, Edinburgh; RF RAJA AHMAD, Barking; V RAJALINGAN, Colombo; RAJAMANOHARAN, Kuala Lumpur; GI RAJAPAKSA, Colombo; RMW RAJAPAKSA, Colombo; R RAJASINGHAM, London; K RAJENDRAN, Madras; R RAJENDRAN, Kuala Lumpur; RF RAJKAMUR, Colombo; NR RAJU, Dublin; L RAMAKRISHNAN, Dubai; DK RAMANAYAKE, Colombo; DMN RAMANAYAKE, Colombo; P RAMESH, Colombo; JM RANKIN, Glasgow; PD RATNAYAKA, Colombo; S RATNAYAKE, Colombo; NJ RAYNER, Peterborough; DA Read, Wednesbury; CWD REES, Reading; IW REES, London; KA REES, Chelmsford; DM REGAN, London; S REGAN, Newcastle; DA REID, Chelmsford; SM REYNOLDS, Leicester; LJ RHODES, Nottingham; AJ RICHARDSON, Newcastle; AM RICHMOND, Southampton; JH RICKERS, Wednesbury; SC RIDER, London; MP RIDGEWAY, Slough; HB ROBERTS, Manchester; JL ROBERTS, Slough; NA ROBERTS, Manchester; A ROBERTSON, Glasgow; GS ROBERTSON, Maidstone; M ROBINS, London; ES ROBSON, London; GA ROGERS, Leeds; ROHAIZAT BIN ADBUL RAUB, London; RG ROM, Johannesburg; J ROONEY, Worthy Down; JEP ROONEY, Sheffield; JE ROSE, Reading; B ROURKE, Manchester; AN ROWE, Wednesbury; M ROYLE, London; MC RUTHERFORD, Durban; NT RYAN, London;

S

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The Chartered Institute of Management Accountants 63 Portland Place London W1N 4AB Telephone: 01 637 2311 Telex: 25816 CIMA G Fax: 01 631 5309

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Ernst & Young Professor of Accounting

Luton College of Higher Education, in association with Ernst & Young, is establishing a Chair in Accounting.

Applications are invited from candidates interested in combining a major role in the further development of undergraduate/postgraduate courses in Accounting and Finance, with a leadership research function. Some teaching duties are also envisaged.

Applicants should be highly qualified, with research and/or appropriate consultancy experience.

A competitive, negotiable, remuneration package is offered, to include the possibility of additional paid consultancy with Ernst & Young.

Further details may be obtained from Miss Paula Grayson, Personnel Executive, Luton College of Higher Education, Park Square, Luton, Beds LU1 3JU. (Telephone: 0582 34111).

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Required by highly reputable, long established and expanding organisation.

You will be aged 30-40, qualified accountant with drive, *initiative* and proven track record in commerce.

You will be responsible directly to the managing director, for the accounts department and the consolidation of group accounts, also to discharge efficiently and professionally the role of Company Secretary.

You will be expected to combine the development of the upgraded computerised accounting systems (Lamex/IBM AS400), demonstrate good commercial acumen, negotiate with banks, institutions and with London solicitors and accountants as head of the group's financial/legal department.

Experience in the construction industry or in property development is a prerequisite.

Write Box A1465, Financial Times,
One Southwark Bridge, London SE1 9HL.

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Welwyn Garden City — c.£32-£35 k + bonus + car

Nexus Payment Systems International is engaged principally in the provision of electronic payment services to more than 20 of the top UK financial institutions. The core of our business relates to all aspects of 'cash dispenser' operations and all our current customers are members of the LINK national cash network.

The Company has expanded rapidly and its plans for further growth create the need for this new role within the management team.

Reporting to the Finance Director, principal responsibilities include full financial responsibility at operating Company level and management of the administration function.

Candidates should be degree qualified Chartered Accountants with a minimum of four years' post qualification experience, ideally gained within medium sized public companies in a service industry. Strong financial, interpersonal and leadership skills are essential for success in this challenging role as is experience of computerised accounting systems.

Basic salary is supplemented with a performance-related bonus, fully expensed two-litre car and relocation assistance where appropriate.

Please write enclosing a comprehensive career résumé to *Neil Sampson, Austin Knight Selection,* 22 Prospect Place, Welwyn, Herts AL6 9EN or telephone (043871) 6875 days or (0494) 725176 evenings/weekends quoting reference no. K572. Fax No. (0438) 840004.

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To discuss the many other openings currently available through Reed Accountancy, call our CIMA Career Adviser, Elaine Pritchard, on 0753 76677 (24 hour answering service).

SLOUGH £24,000

Financial Analyst

UK subsidiary of multi-million turnover US electronics corporation requires an adaptable individual for a financial accounting/analysis position which supports the Management team. Your duties will include highlight reports, income statements, warranty journals and expenses accruals. Ref: 49301A3

Contact the Manager: 164 High Street, Slough 0753 76677
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WINDSOR c£23,500

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This business overview opportunity, within a household name manufacturing plc, will enhance your management accounts knowledge. The responsibilities range from budget preparation and capital appraisals to review of business plans and management reporting. Profit evaluations and statement consolidations also feature. Ref: 68A301B4

Contact the Manager: 9 Peascod Street, Windsor 0753 851447
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Systems Accountant

Major financial services group offers project-based systems development role to an innovative planner. Working as part of a small team, you will be ascertaining systems needs and implementing the solutions required by the business and its Corporate Accountants. Ref: 66A12B1

Contact the Manager: 35 Church Street, Basingstoke 0256 460399
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WEMBLEY c£20,000

Senior Accountant

Video and record company, part of entertainments giant, offers excellent fast-paced opportunity which involves enhancing systems and Lotus capabilities, and accurately controlling the flow of financial and management information. Enjoy excellent prospects, flexi-time and generous holidays, working within this exciting company. Ref: 762012A4

Contact the Manager: 310 Station Road, Harrow 01-427 0799
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REED... accountancy

Finance Director
(Consumer Products)
Welwyn Garden City

Our client Polycell Products Limited, part of Williams Holdings Plc, supplies a wide range of products including such household names as Polycell, Polyfilla and Polytex, seeks to recruit a Finance Director.

Reporting to the Managing Director, the Financial Director will take responsibility for the direction of the financial function. In particular, this will include taking the initiative with the policy and strategic planning processes of the Company, the control of budgets, periodic accounts and management reports, together with responsibility for the efficiency and further development of operational systems, which are all computer based. Close commercial participation in all operational functions within the Company is also necessary.

Applicants for the position should be qualified accountants, aged 30-40, with a minimum of 4 years experience up to senior level within a fast moving consumer products environment. Additionally applicants must be able to demonstrate decision making and analytical skills, have proven management *ability and be able to cope with the high demands of rapid change and growth.*

A competitive salary and benefits package will be offered to the right applicant.

Interested applicants should send a comprehensive curriculum vitae, with salary details, and quoting reference 9617 to:

Polycell

Peter Childs
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

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EXCELLENT OPPORTUNITY DURING PERIOD OF CHANGE

Central London — **c. £25-30,000 pa plus car**

As a market leader in its sector, where it is well-known for variety and quality, this client is in the process of devolving greater autonomy to its business units. This will, in turn, lead to the reappraisal and redevelopment of many of the financial controls and reporting requirements.

Two young Accountants, who will report at a senior level, are therefore required. You will be responsible for:

- Man-management (including professional staff)
- Periodic/annual accounts and management reports
- Budgets and forecasts (P&L, Balance Sheet and Cash Flows)
- *Liaising with operational management and external parties*
- Advising on improvements to Accounting Systems
- Undertaking ad hoc investigations as required.

These are ideal opportunities for young Accountants to contribute to a period of positive development. You will be a self-motivated, qualified individual, with highly developed inter-personal and leadership skills, and the ability to adopt a 'shirt sleeves' approach as well as to step back and take the broader overview. Computer systems literacy is likewise essential.

Excellent opportunities for progression within the group exist in the medium term.

If you wish to discuss this opportunity further, please contact Shirley Knight, BA, MBA, ACMA on 01-491 3431 or write to *FMS*, 14 Cork Street, London W1X 1PF enclosing a recent CV and note of current salary.

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Finance Director

Consumer Products

c£50,000 Package, Car

North West

Financial, commercial and strategic responsibilities make this a most appealing appointment. There will be a total involvement in all aspects of a vital, thrusting business, not least as a member of the influential planning group.

The company, turnover £200m, is a market leader, its products household names, and its management committed to expansion through acquisition and planned growth.

Key tasks are the enhancement of effective management information and control systems, the creation of an effective structure and organisation, and the provision of strong financial and commercial input to planning and operational issues. A substantial property portfolio has also to be managed.

The position requires a Chartered Accountant, almost certainly a graduate, with a good professional pedigree followed by management accounting and systems development experience within a major organisation. Consumer product manufacturing, distribution or retailing would be appropriate.

The attractive package has as its base a salary of c£40,000, a generous profit sharing scheme, non contributory pension, a fully expensed executive car, and share option scheme.

Candidates should send a comprehensive c.v. or telephone for an application form to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester, M3 2LE. Tel: 061-839 0089 quoting reference (F.T.372A).

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£24,000 + Car

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Our Client is an expanding division of a multinational Group in the hi-tech industry. This growth has led to the need for a newly qualified to strengthen the management team.

You will become involved in business planning and analysis, the preparation and review of all financial and management information and assistance with the budgeting process. Candidates should have experience of both financial and management accounting, be aged 25-30 and good communicators. Excellent career opportunities exist within the Group.

Please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 01-853 4009. Alternatively, fax your details on 01-836 4942.

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Crucial to on-going commercial innovation is the provision of equally dynamic business support. This has created a new and highly visible opportunity for a newly/recently-qualified ACCA/CIMA/ACA to gain excellent exposure to all aspects of Group activities. Whilst essentially a management accounting role, unique features of the position include:

- **60% ad hoc project work**
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- **Financial analysis and review**
- **Secondment to operating companies**

This opportunity represents a springboard into line management within 18 months and calls for both sound technical accounting skills and obvious initiative and leadership potential.

For further details, please contact Sally Keane on 01-404 3155. Alternatively, write to her at Alderwick Peachell & Partners Ltd., Accountancy & Financial Recruitment, 125 High Holborn, London WC1V 6QA. Fax: 01-404 0140.

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Working as a senior member of the company's finance team, the Chief Accountant will manage a 30 strong department which controls the core accounting for the UK company. Responsible for the preparation, presentation and review of statutory and management information, he or she will co-ordinate business plans, initiate systems enhancements and participate in a range of projects. The dynamic nature of the company should provide scope for advancement.

Likely to be in their early 30s, applicants should be qualified accountants with several years commercial experience. Good communication, man management and technical skills are required.

Please write, enclosing a career/salary history and daytime telephone number to David Hogg FCA quoting reference H/907/F.

... London WC1V 6QA 01-405 3499

LONDON — ATTRACTIVE PACKAGE

Finance Director

For a well established publishing company which is much respected in both the UK and internationally for *the quality of its programme and its strong customer* base. The headquarters are in London and there are subsidiaries operating in the USA, France and Australia.

In addition to the financial and accounting management of the UK organisation, you will have functional responsibility for the accounting of the overseas companies. An early priority will be to oversee a major upgrading of the group's computing resources. Also of importance will be the ability actively to participate in the planning and execution of the company's expansion.

If you are not already operating at or near board level in commerce, you could be seeking a move from a *major consultancy practice. In either case an* accounting qualification is essential, together with extensive experience of computer-based financial and management information systems.

Résumés please including a daytime telephone number and quoting ES655 to Edward Simpson, Coopers & Lybrand Deloitte Executive Resourcing, 76 Shoe Lane, London EC4A 3JB.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 23 April 1990

Coopers & Lybrand Deloitte — Executive Resourcing

LADBROKE GROUP PLC

Treasury Manager

Ladbroke Group PLC is a leading international hotel and leisure group. It owns Hilton International, Ladbroke Racing, Texas Homecare and several major property businesses. The group has a market capitalisation in excess of £2.7bn and a turnover in excess of £3bn.

As a result of recent expansion, a challenging opportunity has arisen in the Group Treasury Department based in North West London. Reporting to the Assistant Treasurer, you will be responsible for a range of treasury activities including cash management, money market and foreign currency dealing, utilisation of a variety of debt facilities and debt analysis.

Educated to degree level and preferably with, or studying for, a professional qualification, you are likely to have spent at least two years in the finance function of a major international company.

An attractive remunerative package is negotiable according to qualifications and experience. Performance will be rewarded and there are excellent opportunities for further career development.

Please write enclosing a CV to Sarah C Brooke, Personnel Manager, Ladbroke Group PLC, Chancel House, Neasden Lane, London NW10 2XE.

Finance Director

Sussex Coast c.£38,000 + Bonus + Car

A key role in a dynamic new management team

Specialising in the manufacture of electronic components and precision *engineering, our client is an established* UK organisation with an international client base.

To ensure and significantly enhance their growth and performance they are entering an exciting, challenging phase of re-organisation. Central to this is the recruitment of an ambitious and proactive Finance Director who will complete the dynamic new management team, and make a visible contribution through an outward and forward looking approach to growth.

As a qualified accounting professional, with emphasis on costing, your experience will have been gained in an electronics/engineering manufacturing environment and you should possess effective interpersonal, communication and leadership skills. The ability to define and implement recommendations must be supported by resilience and sound business acumen.

In addition to a substantial remuneration package, which incudes share options, bonus and company car, our client offers a real career opportunity.

Please contact our consultant Tony Riley at: Barnett Consulting Group Ltd, Airwork House, 35 Piccadilly, London W1V 9PB. Tel: 01-734 7282.

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Candidates should be part qualified or qualified accountants, mid 20's to 30's, articulate and presentable with first class communication skills gained through at least 3 years experience in a similar high profile marketing and sales environment.

The position requires considerable experience at control level along with the ability to manage and develop the UK management accounting function as the company expands. Future prospects also offer the wider role of project accounting and integration of new companies within the existing structure.

An excellent package of benefits including a company car is offered.

For further information contact:
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Northern Rock House
88-90 College Road
Harrow HA1 1DG
Tel: 01-863 6211

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6-7 Glen House Stag Place
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Tel: 01-828 7565

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FINANCIAL CONTROLLER

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Cable London plc is a rapidly expanding cable Television Company building a network to supply Satellite TV and telephone services to Central and North London. They offer a superb opportunity for a Financial Controller to play a leading role in their development programme for the 1990's.

The successful applicant will be a qualified accountant with highly developed problem solving and man management skills able to take responsibility for the groups overall financial performance and systems development.

The position offers the opportunity to progress to Financial Directorship of a subsidiary company, as well as an excellent package of benefits, including a car.

For further information contact:
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199 Baker Street
London W1M 1LA
Tel: 01-935 1493

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Our client, an acquisitive company in a prime sector of the leisure industry, is looking to recruit a qualified accountant, who can demonstrate commercial awareness, commitment and a desire for success to match their own. Reporting to the Chairman you will coordinate the whole accounts function and be a vital part of the management team. A superb benefits package and the possibility of director status could be your reward.

For further information contact:
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He thus has **overall reponsibility** for ordinary and programme budgets, the accounts and balance sheet, and budget management at different EPO locations. He also represents the Office on financial questions inside and outside the Organisation, and advisors its Management on finance policy issues.

The **successful candidate** will have a university degree and many years' experience of comparable duties across the whole range of financial services, preferably in industry. He must also have an excellent command of one EPO offical language (English, French or German) and a reasonable knowledge of the other two.

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UK executive demand lowest in Europe

By Michael Dixon

WHAT DO executive job seekers in Britain share with their counterparts in Sweden and Greece, but not with those in Belgium, France, Italy, the Netherlands, Spain, Switzerland, and West Germany?

The answer is a waning market for their services.

To start with the good news: in the seven last-named countries, recruiters I've consulted this week report strong demand for most if not all sorts of managers and specialists. The main exception – where it exists – is the banking sector, which seems to be an international curate's egg with some types of people being laid off and others yoked in.

In the remaining three countries the overall market is apparently weakening. And nowhere, alas, is the outlook bleaker than in the United Kingdom.

In Greece, for example, there is still a welcome for whizzbang salespeople as well as skilled accountants although last year executive demand as a whole was 11 per cent down on 1988. At the same time, fewer and fewer candidates are applying for the dwindling number of openings on offer.

"That is puzzling," says John Piperoglou of Stedima consultants in Athens, "but I expect the fall to get worse. The call for accountants was begun by technical changes, like the introduction of value added tax, and probably won't go on for long. Nor do I see the sales demand lasting. The decisive question is whether yet another election in April puts an end to the political uncertainty here."

In Sweden it is evidently concern about the domestic economy that is responsible for an overall market decline. "Although our international companies investing heavily in Europe continue to recruit, my impression is that those whose horizons end at the Swedish border are hesitant to say the least," reports Gōran Rotzius of Scandinavian Executive Search in Stockholm.

Cost-cutters

"Some are seeking people like financial controllers whose focus is cost-cutting. But I'd say demand for sales and marketing staff and others geared to business expansion is falling away."

Fortunately, the same does not hold true for the whole of Scandinavia. Kurt Brusgaard of Berndtson International in Copenhagen feels that, while Finland seems to share Sweden's condition, the Danish and Norwegian markets for executives are on the rise.

In the UK, on the other hand, the market trends offer no cheer even to specialists focused on cutting costs. Indeed, the latest position is a deal more depressing than is suggested by the above table compiled, as usual, from the MSL International consultancy's quarterly counts of executive jobs advertised in leading British journals.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS
(Year to December 31)

Type of work	1989 Posts advertised	1989 Change from 1988 %	1988 Posts advertised	1988 Change from 1987 %	1987 Posts advertised	1987 Change from 1986 %	1986 Posts advertised	1986 Change from 1985 %	1985 Posts advertised	1985 Change from 1984 %
R & D	4,160	+ 3.9	4,004	+18.7	3,374	− 8.4	3,683	−44.8	6,674	−10.5
Sales & mktg	3,934	−31.1	5,707	− 9.1	6,278	+ 1.7	6,174	− 4.6	6,471	− 5.1
Production	6,032	−20.5	7,589	+38.9	5,465	+13.6	4,809	−31.7	7,036	+ 1.5
Accounting	6,731	−12.8	7,716	+ 1.2	7,627	+19.1	6,402	− 4.7	6,721	+12.4
Computing	3,521	−28.8	4,947	+50.0	3,298	−11.8	3,750	−13.8	4,337	+ 7.4
General mgt.	1,352	−16.7	1,823	+ 0.7	1,611	+27.1	1,268	− 5.1	1,336	+ 2.0
Personnel	1,123	+ 2.4	1,097	− 0.5	1,103	+19.6	922	− 4.2	962	− 6.3
Others	7,723	+ 2.7	7,519	+15.1	6,531	+18.9	5,493	−16.8	6,602	+14.6
Total	34,576	−14.0	40,202	+13.9	35,285	+ 8.6	32,490	−19.1	40,199	+ 2.1
Jan-March	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1	8,804	−24.3	11,624	+ 9.3
April-June	9,176	−13.4	10,593	+23.2	8,597	+ 5.2	8,172	−21.5	10,412	+ 3.8
July-Sept	7,858	−15.8	9,338	+12.9	8,274	+ 8.0	7,664	−19.4	9,507	− 2.6
Oct-Dec	6,627	−26.8	9,048	− 2.2	9,248	+17.8	7,850	− 8.7	8,596	− 3.3

When 1989 is viewed as a whole, three of the eight categories of staff listed at the top of the table enjoyed higher demand than in the previous year – when, in total terms, the market reached a record peak. Those three are research, design and development, personnel, and "others" including buyers, company legal staff, economists and assorted consultants.

The only trouble is that the full-year improvements are due entirely to increased recruitment in the earlier part of 1989. As the year wore on, and particularly in the October-December quarter, all categories went into steepening decline. In all but the production and general management groups, the percentage drop in demand during the final three months was the worst recorded since 1980 when the overall market was at an all-time low.

Moreover, the sharpest fall (of 52 per cent from the average level of demand across the three previous quarters of the year) was in sales and marketing – the category which MSL's counts have shown to be a lead indicator of movements in executive recruitment as a whole. The number of sales and marketing positions advertised during October-December was 544, by far the lowest in any quarter for at least 10 years.

There is similarly sad news in the consultancy's checks on executive demand in specific sectors. The count for retailing was down to 170 from 275 in the final three months of 1988. The number of jobs advertised in food, drink and tobacco fell to 146 from 219, and in high-technology companies to 453 from 1,107. The only relief was in oil and other energy-related industries where the figure rose from 563 to 591.

Even so, MSL's market-watchers are not expecting UK prospects for executive job seekers to go on declining for years to come. Their reason for taking that view is not that demand picked up after December – it always does, but the cyclical pattern the market has followed since the consultancy began its checks in 1959.

"After all, there was a sharp fall after the previous record demand in 1985," says the chief counter, "but we were back to a higher peak in 1988. If the pattern holds good, the next upswing should be with us at the beginning of next year, or perhaps before."

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INVESTMENT ANALYST

Norwich Union, still enjoying the tremendous growth of the last few years, is a UK market leader and one of the top ten insurance and financial services groups in Europe.

Norwich Union Fund Managers Limited, member of IMRO and managing funds in excess of £17 billion, seeks an Investment Analyst to join the research team which provides fundamental analysis and original research on equities. As a senior member of this team you will have the opportunity to play a key role in its activities and future development as it widens its perspective from a UK base into Europe.

Educated to degree level you should have at least three years' relevant experience. A sound analytical training coupled with an enquiring mind, good communication skills and a high level of self motivation are essential. Some knowledge of a European language would be an added advantage.

The post is in Norwich, a prime location within easy reach of the City. A fully competitive salary, backed by a first class fringe benefits package, including performance related bonus and comprehensive relocation assistance where appropriate, awaits the successful candidate.

We are an *equal opportunities* employer and happy to consider applications from registered disabled persons. If you measure up to the qualities highlighted in this advertisement, write now with full career and salary details, mentioning this publication, to:

Miss P. D. Scott, Personnel Superintendent
Norwich Union Group
Surrey Street
Norwich NR1 3NG

or ring John Mundey, Investment Personnel Manager on (0603) 682963 for an informal discussion.

NORWICH UNION

SENIOR AUDITOR

to £32,000 + mort. sub. + car

City-based bank requires an Auditor with current experience of leading an audit. He/she will have gained their experience with one of the 'Big Eight' or as Senior Internal Auditor with a major bank. Up to 50% of the time will be spent travelling, mainly to Europe.

Please tel. Shelagh Arneil on 01-583 1661 or send c.v. to her *in confidence: Angel International Recruiement,* 50 Fleet Street, London EC4Y 1BE.

Williams de Broë

OIL ANALYST

Sector specialist with 1 - 3 years experience required to reinforce our presence in this area.

Please apply with C.V. to P.Cartwright at:

WILLIAMS de BROE LIMITED
P.O.Box 515, 6 Broadgate, London EC2M 2RP
Telephone: 01 - 588 7511

EUROPEAN/UK SALES EXECUTIVE

As a global Investor Relations Services group, we have expanded aggressively in the U.K. and on the Continent. We are now looking for an additional executive, with sales experience in the financial area, preferably equity related, who would welcome some travelling abroad. Foreign languages, particularly French, German or Spanish a definitive advantage. A high degree of self-motivation and good communication skills are needed. *Please send* Curriculum Vitae to:

Dr. V. Barbera,
Technimetrics Inc.,
13 Knightsbridge Green,
London SW1X 7QL
Tel: 01-581 4393

Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

InterExec not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job.

InterMex maintains a unique data base of some 6,000 unadvertised vacancies per annum, providing the only confidential Inplacement® Service.

If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

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InterExec Plc

Senior Financial Managers

FINANCIAL ANALYSIS MANAGER

Develop your proven skills in a brand new function

Basingstoke • Attractive Salary & Quality Car

Sony Broadcast & Communications markets and distributes Sony's increasingly advanced range of professional audio and video products throughout Europe, the Middle East and Africa.

Our busy Finance Function, with some 30 staff, uses the latest mainframe and PC systems to provide an effective and essential service throughout the Company. Keen to extend this service, we are looking for an experienced professional to join the existing management team and establish a new Financial Analysis function.

The technical challenge will involve the enhancement of existing databases, the creation of new data gathering systems, and the development of reports and presentations, in order to provide a full management information service covering all operations in this complex business. The varied management responsibilities will involve liaising regularly with line managers, promoting the credibility and profile of the new function, as well as developing your own financial analysis team.

Clearly this is no back-room role. It is a senior position assuming an increasingly pro-active stance and providing invaluable exposure to all aspects of business in a multi-national, multi-currency environment.

A qualified Accountant – ideally ACA – you should have at least 4 years' impressive post qualification commercial experience and a strong interest in financial analysis. You should also be a confident and persuasive communicator, able to deal effectively at all levels.

The salary is negotiable and will reflect the importance we attach to this role and to your potential. It will be supported by a generous benefits package including company car and full relocation assistance if required.

To apply, please write to:
Chris Eves, Personnel Manager, Sony Broadcast & Communications, Jays Close, Viables, Basingstoke, Hampshire RG22 4SB.

SONY.

Sony Broadcast &Communications

YAMAICHI

International Bond Sales

City

3 years international fixed interest sales experience

Salary £20-£30K plus mortgage subs, bonus and generous banking benefits

Yamaichi Securities is one of the world's leading securities houses, with 40 offices spanning 24 major financial centres.

In London, Yamaichi International (Europe), its European flagship, employs over 350 people from twelve countries, and has recently celebrated 25 years in the City.

A key position has arisen in its thriving international bond sales department for an experienced salesman.

Having spent at least 3 years in *international fixed interest sales*, the right candidate, probably aged between 25 and 35 years and a graduate, will have the ability to deal confidently with Yamaichi's major institutional clients worldwide and to develop new business relationships. Knowledge of a foreign language would be a distinct advantage.

Male or female candidates should submit in confidence a detailed cv to Mrs Kath Lawrence, Head of Personnel, Yamaichi International (Europe) Limited, 111-117 Finsbury Pavement, London EC2A 1EQ
Telephone: 01-638 5599

Yamaichi International (Europe) Limited
Member of The Securities Association Member of The International Stock Exchange

Administration Manager

NW London to £40,000+car

Successful service-based organisation, part of leading UK plc, seeks manager to be responsible to the managing director for computerised 'engine-room' with 100 staff, processing all operational administration. The people management aspects and practical input to the use and evolution of systems are paramount.

Candidates, aged say late 30's to early 50s, must have experience of managing large staffs in a computer-supported environment. The closest parallels are probably in vehicle recovery, mail order or simple insurance. Evidence of high intelligence is also sought. O&M training would help.

For fuller details write in confidence to John Courtis at JC&P, 104 Marylebone Lane, London W1M 5FU, demonstrating explicitly how you meet these requirements AND enclosing a brief CV and quoting 7226/FT.

John Courtis &Partners
Search and Selection

BBC BBC BBC

Researcher *Business & Economics Unit*
BBC News & Current Affairs (Television)

The Business and Economics Unit is one of the Specialist Units within the News and Current Affairs Directorate. With the Editor, Peter Jay, it consists of a number of Specialist Correspondents, Reporters and Production staff, who provide a comprehensive service for all the Directorates news and current affairs programmes.

The successful candidate, who should have experience in the City or financial broadcasting, will make a significant contribution both in terms of longer term planning as well as compiling material for day-to-day business news items.

Salary according to experience and qualifications up to £15,050 p.a. plus an allowance of £709 p.a. A 15% salary enhancement will be paid if a short-term contract is offered.

Based West London.

Contact us immediately for application form (quote ref. 8609/F and enclose s.a.e.) BBC Corporate Recruitment Services, London W1A 1AA. Tel: 01-927 5799.

WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

VENTURE CAPITAL EXECUTIVE
Chartered Accountant or MBA

Globe manages one of the UK's largest and most active venture capital portfolios with nearly £200m currently invested. Activities include the financing of management buy-outs and buy-ins and the provision of start-up and development capital.

Globe is expanding its small venture capital team by the *addition of an Assistant Investment Manager,* who is likely to be a Chartered Accountant or MBA in his/her late twenties with at least two years' post-qualifying experience.

The job will involve the execution of a wide variety of transactions and the monitoring of existing investments. The successful candidate will work within a small but professional team of executives. Candidates will be expected to show initiative and a desire to accept responsibility.

The appointment is seen as a rare opportunity for the applicant to develop a career in the field of venture capital.

The level of remuneration will not be a problem for the right candidate and will be part of an attractive financial package.

To apply, write in confidence with full cv to:
Mr J P Craze, Secretary (VCE), Glove Investment Trust P.L.C., Globe House, 4 Temple Place, LONDON WC2R 3HP

Globe Investment Trust P.L.C.

BUSINESS DEVELOPMENT AND SUPPORT

We are a North American Bank active in London, marketing a wide range of financial facilities including both short term, i.e. *import and export finance and longer term, i.e. project finance.* We are seeking to strengthen the existing team by recruiting the following personnel to support our planned expansion programme.

BUSINESS DEVELOPMENT/ACCOUNT OFFICER

Candidates must be self-motivated with good communication skills and have at least 3 years marketing experience, an in-depth knowledge of Trade Finance products and a good credit background with *ability to structure financial* packages *for* a cross section of U.K. based corporate clients. Salary will be commensurate with age and experience.

CREDIT ADMINISTRATION

We seek someone with a detailed knowledge of compliance monitoring, documentation and loan administration plus experience of computer analysis of financial statements to take a high profile supporting role in a small team. Candidates must have a good educational background and be currently working in an International Banking environment. Competitive salary will be offered.

Applicants should write in confidence enclosing a comprehensive c.v. including current salary and benefits and send to:

Box A1461, Financial Times,
One Southwark Bridge, London SE1 9HL

JOIN LABOUR'S WINNING TEAM
Research Officer: Industrial and Economic Policy

Labour's Head Office research team is now at the *forefront* of preparing the Party for government. We need a good industry and economic research officer to strengthen the team and to work closely with Labour's front bench.

Applicants will need a good understanding of industry and economics. A background of activity in the Labour Party, or in *the wider labour movement, is essential.*

Salary: £15,783 - £17,900 inclusive of London Weighting.

Application forms for the above post can be obtained by writing to the Personnel Administrator, The Labour Party, 150 Walworth Road, London SE17 1JT.

CLOSING DATE: WEDNESDAY 21st FEBRUARY, 1990.

This is a readvertisement. Previous applicants need not apply.

The Labour Party is an Equal Opportunites Employer.

Labour

MERGERS & ACQUISITIONS ASSOCIATE POSITION

Recently established international M & A boutique with strong financial backing and with offices in Europe and the U.S., wishes to recruit an Associate in London, preferably with two years' experience as an investment banking analyst or associate at a City/Wall Street institution, or with equivalent financial experience.

MBA or similar degree desirable, languages helpful, outstanding record imperative.

Compensation will be commensurate with experience and competitive with City levels.

To apply, please send CV, in full confidence to, Box A1460, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

STOCKBROKING

Member with significant client base would be interested in hearing from existing or proposed TSA firms with a view to developing business from a London or Regional base.

Write Box A1456, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

Senior Bond Market Trader
SALARY TO £60,000

plus full banking benefits, including car and performance bonus

We are a well-established International British Consortium Bank who wish to recruit an experienced Fixed Interest Trader. The position would suit a 30 to 40 year old with a proven track record in the US Treasury and Major European Bonds Markets, together with experience in Futures and Options. Responsibilities will include short term lending/arbitrage and involvement in longer term proprietory positions.

Interested individuals should send their C.V. in confidence to:
Angela Youels, Personnel Manager,
The United Bank of Kuwait plc,
3 Lombard Street, London EC3V 9DT.

MANAGEMENT INFORMATION MANAGER

International Financial Services
London c. £25K + car

Reporting to the Group Chief Executive, your key objective will be to produce regular and ad hoc management reports from a variety of information sources. This will not only entail the compilation of monthly financial and management reports, but will require investigation of specific business activities by in-depth analysis, recommending appropriate action to the Board. There will be extensive liaison with European operating companies.

You should preferably be under 35, possess excellent communication skills, and come from a financial or marketing background. You will be used to working with spreadsheets (Lotus/Symphony) in a high-tech environment.

Your rewards will be an excellent salary and benefits package, but more importantly, a challenging role with real promotion prospects in a fast-moving, successful Group.

Please write, enclosing a full CV and details of your current remuneration, to:–

PORTLAND Executive Selection
104 Great Portland Street, London W1N 5PE
Fax: 01-436 8978

Account Managers
to £35,000 + benefits

Our client is one of the City's major banks, involved in all aspects of commercial banking and with a growing corporate finance presence. With a strong balance sheet and the will to use it, it is undertaking the next step in a carefully planned expansion programme. This involves recruiting a new tier of marketing officers for the UK corporate group to manage small teams spearheading the thrust for market share. You should be able to demonstrate the following: Solid credit experience allied to proven marketing skills; knowledge of a broad range of products; the potential to guide and motivate young professionals. If you think *you could bring the above skills to this unit, and see your career developing by* acquiring management skills, please call *Jocelyn Bolton* on 01-489 9494, or send your Curriculum Vitae to 12 Groveland Court, Bow Lane, London EC4M 9EH. All replies will be treated as confidential.

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Tel: 01-867 8899 (15 lines) Fax: 01-867 8095

SWAPS TRADERS

AAA RATED £NEG

Our client, a North American Investment bank with a strong commitment to global markets, is interested in talking to individuals with 1/2 years experience in trading interest rate and currency Swaps, FRA's, options and other off-balance sheet products. Experience in *pricing and running a book in £, US$ and C$ is an advantage but other* currencies will be considered. The facility to work with hedging and arbitrage techniques, amortising, caps, floors and collars is available.

For a confidential discussion on these and similar opportunities please call Charles Johnson on 01-867 8899.

RATHBONE

Rathbone UK Ltd., South Quay Plaza II, 183 Marsh Wall, London E14 9FU
Tel: 01-867 8899 (15 lines) Fax: 01-867 8095

UK FUND MANAGERS To £40,000
Applications are invited from candidates with a minimum of three years active involvement in this specialist area. It is envisaged that the successful applicant will have demonstrated a high level of professionalism, good track record and possess excellent communication skills.

OVERSEAS FUND MANAGERS To £40,000
Our client, a major force in the Life Assurance Industry seeks exceptional individuals with a minimum of five years experience in Pacific Basin or European investment management. Superior presentation skills and solid performance to date are of prime importance.

PRIVATE CLIENT FUND MANAGERS £ Highly Neg.
Applications are sought from well established investment managers for our client, a Blue Chip UK integrated house. Good marketing skills and an existing, active client base are the main pre-requisites in this challenging environment.

UK/EUROPEAN EQUITY RESEARCH AND SALES £ Highly Neg.
In preparation for the predicted '1992 Revolution', our client is fundamentally committed to increasing its exposure to all European market bases. We welcome applications from specialists in most sectors, bi-linguality is not essential but certainly advantageous.

Established Extel rated Analysts and No. 1 UK Equity Sales people are required in most sectors by a leading City based, European House. Preference will be given to candidates specialising in Oils, Food Manufacturing and Retail Sectors. Excellent remuneration packages are available for the right individuals.

For a confidential discussion on these and other opportunities please contact Lydia Wann or Barbara Dabek on 01-867 8899.

The Nikko Bank (UK) plc

- Nikko Bank (UK) plc is the London based banking subsidiary of The Nikko Securities Co. Ltd., one of the world's largest securities houses.
- The Nikko Group is committed to building a significant presence in the international banking market.
- The Bank now has a capital base in excess of £200 million and to achieve its planned growth, it now seeks to enhance its team of professional and dynamic bankers.
- Candidates must be able to demonstrate a successful past record of business achievements and must be capable of making a significant contribution to the Bank's future success.

UK Business Development/ Specialised Financing

Several new positions *in the Business Development* area to be primarily focussed upon the UK markets. Positions range from Assistant Manager to Assistant General Manager. Successful applicants will have the responsibility for the establishment and the development of client relationships as well as the creation of innovative ideas and products.

Candidates will include successful bankers with chartered accountant or legal qualifications.

Business Development – Europe

2 **Senior Business Development Officers** with proven track records of initiating profitable business within Europe, including the Nordic area. Candidates will be currently undertaking creative transactional business. Fluency in at least one major European language is essential.

Senior Credit Managers

Senior Credit Managers with wide ranging experience which will include Leasing, LBO's, Property, etc., together with excellent UK and International Corporate experience.

In addition, **experienced analysts** with UK and European credit experience to support this area.

US $ Money Market Trader

A senior appointment *within our aggressive Treasury area,* demonstrating a flexible and innovative approach to developing the funding base of the Bank. With a minimum of ten years experience of US $ market combined with a knowledge of all major currencies.

WE WILL PAY COMPETITIVE MARKET SALARIES WHICH WILL BE ENHANCED BY A SUBSTANTIAL BENEFITS PACKAGE. THESE REMUNERATION ARRANGEMENTS WILL BE SPECIALLY TAILORED TO ATTRACT THE BEST TALENT AVAILABLE IN THESE MARKETS.

Please write in strict confidence, with full personal, career and salary information, to Personnel Manager, The Nikko Bank (UK) plc, Nikko House, 17 Godliman Street, London EC4V 5BD.

NIKKO

Pensions Manager

... key role for a Pensions Professional

City c.£35,000 + car

Our client is a major British plc with worldwide interests in engineering and building products, mining and quarrying, precious metals and finance. The Group's companies are leaders in their fields and plans are in place to further develop businesses both by organic growth and by acquisition.

Reporting to the Personnel Director, your brief will be to assume responsibility for the Group's main scheme, including administration, servicing meetings and liaising with professional advisers. You will advise management on the subsidiary companies' schemes when required and will be expected to play a major role in the development of pensions policy.

Probably aged around forty and *professionally qualified, you will have* gained substantial pensions administration experience with several years at a senior level. Maturity, highly developed communication skills and the personal credibility to contribute to discussions at board level are critical.

Salary will be around the figure indicated and a highly attractive financial services benefits package will be offered to the successful candidate. Relocation assistance will be provided where necessary.

Please write - in confidence - with full career details and a daytime telephone number, quoting ref. FT 21260 to Lynne J A Stevens, MSL International (UK) Limited, 32 Aybrook Street, London W1M 3JL.

MSL International

Credit Assessment Manager

A rare opportunity to utilise technical skills in an innovative environment

Our client is a Triple A rated European Bank with an enviable reputation for success in the small/medium sized UK Corporate lending market. A strong, independent Credit team provides highly professional support to an equally professional marketing group. Typical proposals are un-typically entrepreneurial so that the approach, although naturally founded on sound Banking canons, needs to be solution-based and interpretative with heavy emphasis on in-depth management analysis in addition to production of standard mathematical formulae!

Candidates, ideally with a Clearing Bank background, will be in their late twenties or early thirties and have a demonstrably sound credit analysis background, specifically within the targeted market segment. Liaison with the marketeers will require a spirit of close co-operation tempered with the ability to stand one's own ground. People management skills are of paramount importance reflecting the intention to pass day to day control of the team to the successful candidate. The timing of that move will be in his or her hands. It is therefore apparent that career prospects are first class and the salary/benefits package is unlikely to disappoint. **Ref: A2630.**

There is also an opportunity for a Credit Analyst, slightly younger but with similar experience gained over, say, four years to join this highly committed professional team.
Ref: A2640.

Please send full career details quoting the appropriate reference to **Malcolm Lawson** at **Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF** or alternatively telephone 01-287 7007 during the working day or 0444-73216 in the evenings.

CJH **Codd·Johnson·Harris**

Private Client Stockbrokers

London Fully negotiable Commission Share Package

Our client, Henry Cooke Lumsden Limited is one of the oldest and most respected independent firms of agency stockbrokers in the UK. They have moved into new offices with the intention of expanding their highly successful Private Client business. Consequently, they are seeking high calibre individuals or teams with a captive Private Client portfolio to join their existing team.

With the opportunity, if appropriate, to work on a commission share basis, Principals or Associates will conduct themselves and their team in a semi-autonomous manner, and will be able to benefit not only from working for a "named" firm, but will also have the advantages of an efficient and sophisticated settlement system, in-house research facilities and a first class dealing room. The Henry Cooke Group incorporates a fully integrated Financial Services business, including a Merchant Bank.

Candidates should be self motivated and enjoy working in a congenial yet ambitious environment. A proven track record of portfolio management and a solid client base are essential prerequisites for this exciting opportunity to work within the confines of this successful and high regarded firm. Ideally, candidates should be aged between 35-55, although age will not prove to be a restricting factor in the selection process.

Interested candidates who meet these criteria should send, in strictest confidence, a comprehensive CV including current remuneration structure or salary, quoting reference number LM200 to Carol Jardine, Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FX DEALER **£High**

Our client is an expanding international bank with an established presence in the Foreign Exchange and Money Markets.

Consistent with its planned growth, it seeks a dynamic Spot trader with 3-4 years' experience of both jobbing and intra-day position taking, preferably gained in a busy trading environment.

Candidates will be given all the resources and rewards necessary to induce high performance. For those with an impressive track record, there are early prospects to move into a team management role.

WARRANTS SALES/TRADING **to £80 K +**

A fast expanding Securities firm, well known in the Capital Markets, seeks an additional Japanese Warrants trader and a salesperson to strengthen its London team.

Candidates, preferably graduates with at least 2 years' experience, should come from a market-making environment where they will have established a good reputation.

Interested applicants should apply in writing or by phone to Anthony Isern at:

JAC Recruitment
3rd Floor - Dauntsey House
Frederick's Place - Old Jewry - London EC2R 8AB
Tel: 01-796 3132 - Fax: 01-796 4620

J A C RECRUITMENT

JAPANESE EQUITY SALES

Challenging position offered to a qualified person with at least two years experience. Your performance will be well rewarded. Salary negotiable plus benefits.

Please send C.V. to: Mrs M Mehta, Personnel Manager,

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ext 3694
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ext 3559
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ext 3392

Major Japanese Institution

UK and European Investment Marketing

City based

c.£35,000 + bonus
+ excellent benefits package

Our client is one of the leading Japanese securities houses. Established over 20 years ago, London is the centre of its extensive European network, offering a wide variety of securities related services to institutional clients worldwide. It now seeks to increase significantly its investment management operation by developing a range of sophisticated investment products to be marketed to institutional clients in the UK, Europe and Middle East. To this end our client now wishes to appoint an exceptional individual to develop the Investment Management Services Department.

Fully supported by a well established investment management operation in Tokyo your brief will be to implement an effective marketing strategy for the group's existing product range and to develop new products as market conditions dictate.

This exceptional opportunity is likely to appeal to a graduate aged under 35 with a broad background in investment management marketing. Overseas travel is envisaged hence previous exposure to an international client base would be a distinct advantage.

For a strictly confidential discussion please telephone or write to Robin Douglas quoting reference 1282.

FLA
Financial Search and Selection
16 Old Bond Street London W1X 3DB
Telephone 01 491 3811

Spitzenposition bei renommiertem Kreditinstitut

Unser Auftraggeber ist eine bedeutende deutsche Bank, die an allen wichtigen internationalen Finanzplätzen vertreten ist und für eine ihrer Auslandsniederlassungen einen Geschäftsführer sucht. Die Unterstützung durch ein leistungsstarkes nationales Institut garantieren der Tochtergesellschaft auch langfristig eine positive Geschäftsentwicklung. Für einen auslandserfahrenen, führungsstarken Bankmanager bietet sich hier die Chance, den weiteren Ausbau dieses wichtigen *Stützpunktes maßgeblich mitzubestimmen.*

Niederlassungsleiter/-in Luxemburg

In dieser Position ist Ihre Kompetenz in erster Linie bei der Akquisition und Pflege von Beziehungen zum *anspruchsvollen Kundenkreis des Instituts gefordert. Schwerpunkte der Tätigkeitsbereiche sind einmal* der Wertpapier-, Devisen- und Edelmetallhandel sowie die Betreuung und der Aufbau des Bereichs Kapitalanlagen. Damit Sie Ihre eigenen Ideen und Konzepte erfolgreich realisieren können, erhalten Sie umfangreiche Kompetenzen und einen großen Handlungsspielraum.

Für diese in hohem Maße eigenverantwortliche und vielseitige Tätigkeit möchten wir eine engagierte, offensive Unternehmerpersönlichkeit gewinnen, die sich bereits in einer leitenden Position bewährt hat und *Durchsetzungsvermögen und die Fähigkeit, Mitarbeiter zu motivieren, mitbringt.* Wichtig ist, daß Sie eine starke Vertriebsorientierung aufweisen und über umfangreiche Erfahrungen im Kundengeschäft verfügen. Idealerweise waren Sie bereits für eine große Geschäftsbank an einem der Offshore-Handelsplätze tätig. Wir erwarten von Ihnen, daß Sie die geschäftspolitische Initiative, die Selbständigkeit und das Durchhaltevermögen besitzen, um diese fordernde Aufgabe erfolgreich zu bewältigen. Neben fundiertem Fachwissen sind gute Englischkenntnisse und ausbaufähige Französischkenntnisse wichtig. Bei entsprechenden Deutschkenntnissen kommen auch Manager anderer Nationalitäten in Frage.

Wenn Sie sich von dieser anspruchsvollen Aufgabe angesprochen fühlen, dann sollten Sie sich mit uns in Verbindung setzen. Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen (Lebenslauf, Zeugniskopien, Lichtbild) unter der Kennziffer MA 617/06 z. Hd. Herrn N. Heinrich (01049-221/20506-52), Frau P.-M. Lochner (01049-221/20506-27) oder Herrn K.-D. Sänger (01049-221/20506-24), die Ihnen auch für telefonische Vorabinformationen zur Verfügung stehen. Die vertrauliche Behandlung Ihrer Bewerbung sichern wir Ihnen zu. Sperrvermerke werden gewissenhaft berücksichtigt.

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INSTITUT FÜR PERSONAL- UND UNTERNEHMENSBERATUNG

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Managing Director

LONDON £35,000++ negotiable

For the UK subsidiary of a multinational group of companies performing actively worldwide. British national, mid-thirties with 3 to 5 years experience at management level. For detailed confidential job specifications send personal card to I.C.A. 3, rue d'Hauteville 75010 Paris, France or Fax Mike Manley in Paris: 33 (1) 47.70.08.77.

I.C.A. International Classified Advertising NEW YORK PARIS

STOCKBROKERS

International Stockbrokers firm based in Paris seeks US equity salesman.

Send resumé in confidence to: Box A1459, Financial Times, One Southwark Bridge, London SE1 9HL

JAPAN

German, 36, lawyer by training, working in the commercial field of an international trading house, looks for a chance to work for a foreign company or cultural institution in Japan. Fluent English, French and Japanese (2 years study of Japanese in Tokyo)

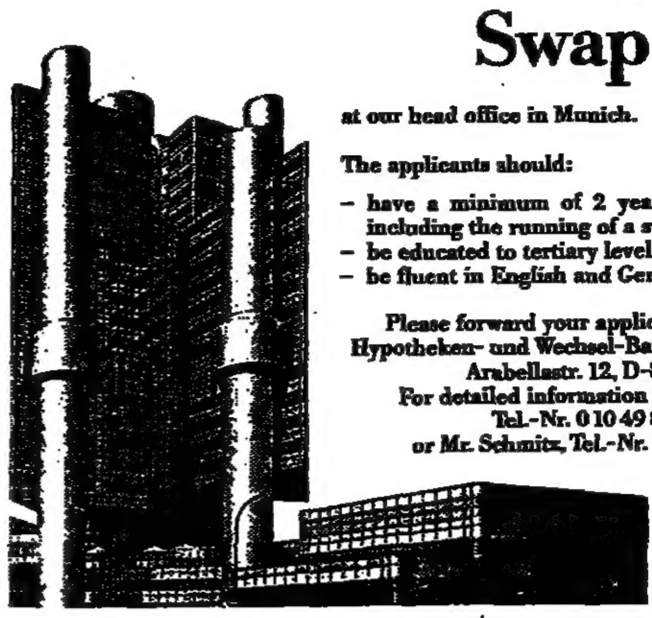
Write to Box A 1458, Financial Times, One Southwark Bridge, London SE1 9HL.

Use your head. Get ahead with a bank where heads count.

We are one of the major participants in the financial markets and want to expand our market share further.

Today's dynamic financial instruments demand ever increasing standards of development and marketing of intelligent products. To successfully meet this challenge, we are searching for experienced specialists to join our

Swap team



at our head office in Munich.

The applicants should:

- have a minimum of 2 years experience in swap-trading including the running of a swap-book,
- be educated to tertiary level,
- be fluent in English and German.

Please forward your application details to Bayerische Hypotheken- und Wechsel-Bank AG, Department P/MB 2.3, Arabellastr. 12, D-8000 München 81. For detailed information please contact Mr. Greve, Tel.-Nr. 0 10 49 89/23 66 - 25 12, or Mr. Schmitz, Tel.-Nr. 0 10 49 89/23 66 - 86 59.

HYPOBANK

Appointments Advertising

For details phone:
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Nicholas Baker
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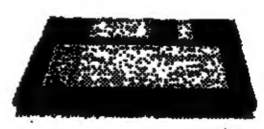

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